

Trademark Case Decisions: The Past Year in the Courts & at the TTAB

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* In the interest of full disclosure, the author notes his participation or that of his law firm in the following cases referenced by this outline: *1-800 Contacts, Inc. v. Fed. Trade Comm'n*, 1 F.4th 102 (2d Cir. 2021) (counsel for amicus curiae American Intellectual Property Law Association in support of appellant); *Select Comfort Corp. v. Baxter*, 996 F.3d 925 (8th Cir. 2021) (expert witness for plaintiffs); *J-B Weld Co. v. Gorilla Glue Co.*, 978 F.3d 778 (11th Cir. 2020) (mediator on remand); *Ezaki Glico Kabushiki Kaisha v. Lotte Int'l Am. Corp.*, 986 F.3d 250 (3d Cir. 2020) (counsel for amici curiae The National Confectioners Association and Mondelēz International, Inc. in support of petition for rehearing en banc), *petition for cert. filed*, No. 20-1817 (U.S. June 29, 2021); *Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314 (2d Cir. 2020) (counsel for defendants); *D.H. Pace Co. v. Aaron Overhead Door Atlanta LLC*, No. 1:17-CV-3430-MHC, 2021 WL 2819778 (N.D. Ga. May 24, 2021) (counsel for plaintiff); *RVC Floor Decor, Ltd. v. Floor & Decor Outlets of Am., Inc.*, No. 218CV6449DRHARL, 2021 WL 1163117 (E.D.N.Y. Mar. 18, 2021) (counsel for defendant); *Mahindra & Mahindra Ltd. v. FCA US LLC*, No. 18-CV-12645, 2021 WL 323253 (E.D. Mich. Feb. 1, 2021) (counsel for defendant); *San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, No. 18CV967-GPC(MSB), 2020 WL 5797826 (S.D. Cal. Sept. 29, 2020) (expert witness for defendant).

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I. ESTABLISHING PROTECTABLE TRADEMARK AND SERVICE MARK RIGHTS

A. Proving Protectable Rights Through Federal Registrations

1. Plaintiffs lacking registrations on the Principal Register bore the burden of proving the validity of their claimed marks. *See, e.g., Olinsky & Associates, PLLC v. Nutting*, No. 520cv01142madatb, 2021 WL 2779001, At *9 (N.D.N.Y. July 2, 2021) (“Where the plaintiff lacks a certificate of registration that includes the goods or services at issue, the plaintiff has the burden of proving that its mark is a valid trademark.”); *San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, No. 18CV967-GPC(MSB), 2021 WL 2104969, at *5 (S.D. Cal. May 25, 2021) (“In this case, under the common law, there is no presumption of validity of the subject mark. As such, to establish validity, the initial burden falls on [the counterclaim plaintiff] to demonstrate ownership of the common law mark and then the burden shifts to [the counterclaim defendant] to demonstrate that it is invalid.”). Moreover, “registration on the supplemental register does not confer the same benefits as does registration on the principal register; in fact, it ‘does nothing to enlarge the substantive rights of the registrant.’” *Sulzer Mixpac AG v. A&N Trading Co.*, 988 F.3d 174, 178 (2d Cir. 2021) (quoting *Clairol Inc. v. Gillette Co.*, 389 F.2d 264, 267 (2d Cir. 1968)).
2. Courts took varying approaches to the evidentiary significance of registrations on the Principal Register for which declarations of incontestability had not been filed.
 - a. Consistent with the majority rule, some courts held that the “prima facie evidence” represented by a registration for which a declaration of incontestability has not yet been filed under 15 U.S.C. §§ 1057(b), 1115(a) (2018), affirmatively shifts the burden of *proof* on mark validity from the plaintiff to the defendant; the defendant therefore must establish by a preponderance of the evidence that the registered mark is not valid. *See, e.g., Kolay Flooring Int’l, LLC v. De La Fuente*, No. 818CV00108JLSJDE, 2021 WL 469019, at *8 (C.D. Cal. Jan. 20, 2021) (“Plaintiffs own a U.S. trademark registration . . . , which constitutes prima facie evidence of its validity. The burden therefore shifts to Defendants to prove otherwise.” (citations omitted)); *Universal Life Church Monastery Storehouse v. King*, No. C19-0301RSL, 2020 WL 7181062, at *3 (W.D. Wash. Dec. 7, 2020) (“Once the holder establishes that a mark has been properly registered, the burden shifts to the defendant to show by a preponderance of the evidence that the examiner got it wrong and the mark is not protectable.”).

- b. In contrast, at least some courts applied the minority rule that the prima facie evidence of mark validity represented by a not-yet-incontestable registration merely shifted the burden of production: As one court explained while applying that rule, “[u]nder the Lanham Act, registration of a trademark creates a rebuttable presumption that the mark is valid, but the presumption evaporates as soon as evidence of invalidity is presented.” *Neo4j, Inc. v. PureThink, LLC*, No. 5:18-CV-07182-EJD, 2021 WL 2483778, at *8 (N.D. Cal. May 18, 2021), *appeal docketed*, No. 21-16029 (9th Cir. June 16, 2021).
- c. The “conclusive evidence” of mark validity represented by incontestable registrations under Section 33(b), 15 U.S.C. § 1115(b) (2018), generally received more respect. *See, e.g., Ezaki Glico Kabushiki Kaisha v. Lotte Int’l Am. Corp.*, 986 F.3d 250, 259 (3d Cir. 2021) (The [plaintiff’s] trade dresses are presumptively valid because they are registered and incontestable. So [the defendant] bears the burden of proving that they are functional.” (citation omitted)), *petition for cert. filed*, No. 20-1817 (U.S. June 29, 2021); *see also Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466, 474 (5th Cir. 2021) (“Abandonment may be a defense even against a party possessing an incontestable mark. But a party claiming that a trademark has been intentionally abandoned bears a heavy burden. ‘Abandonment is in the nature of a forfeiture’ and requires satisfying the ‘burden of strict proof applicable in forfeiture cases.’” (citations omitted) (quoting *Am. Foods, Inc. v. Golden Flake, Inc.*, 312 F.2d 619, 625 (5th Cir. 1963))).

B. Proving Common-Law Rights

1. Proving Use in Commerce

For the most part, use in commerce is a prerequisite for protectable rights to a trademark or service mark under the Lanham Act’s private causes of action, *see* 15 U.S.C. §§ 1114, 1125(a), 1125(c) (2018); except where non-U.S. applicants relying on foreign filings are concerned, a showing of use in commerce also is necessary to secure a federal registration. *See id.* §§ 1051(a)-(b).

- a. Unusually, two opinions from federal courts addressed the possible significance of a claimant’s unlawful use of its mark.
 - i. To create protectable rights under federal law, the use of a mark generally must be lawful, and that proposition tripped up an individual defendant who operated a moving business under the MAN WITH A VAN mark. *See NYCITYVAN, LLC v. Thomas*, 501 F. Supp. 3d 145 (E.D.N.Y. 2020). As part of a counterclaim for cancellation, the defendant asserted prior

common-law rights to the mark as a counterclaim dating back to 2002, but the plaintiff successfully pursued a motion for judgment on the pleadings based on the defendant's failure until 2017 to secure a license from the U.S. Department of Transportation to provide her services in interstate commerce. Citing approvingly to Trademark Trial and Appeal Board authority, the court held that "the Court will adopt the TTAB's standard and find unlawful use where (1) a government agency or court previously found noncompliance with a federal law or agency rule; or (2) a per se violation of federal law has occurred." *Id.* at 149 (citing *Satinine Societa in Nome Collettivo Di S.A. e.M. Usellini v. P.A.B. Produits et Appareils De Beaute*, 209 U.S.P.Q. 958, 964 (T.T.A.B. 1981)). "Regardless of which route is chosen," the court elaborated, "the party alleging unlawful use must show that the other party's noncompliance was 'material.' This means it must be of 'such gravity and significance that the usage [of the mark] must be considered unlawful,' and there must be some 'nexus' between the alleged regulatory violations and the use of the mark." *Id.* (alteration in original) (quoting *Dessert Beauty, Inc. v. Fox*, 617 F. Supp. 2d 185, 190 (S.D.N.Y. 2007)). Although the defendant attempted to downplay the possible significance to consumers of her failure to secure the required license, the court concluded that "[the defendant's] abject failure to comply with licensing requirements intended to promote public safety is 'material' even in the absence of a particularized showing of harm to the public." *Id.* It therefore held the defendant lacked prior rights as a matter of law.

- ii. In stark contrast, the Fifth Circuit proved far more sympathetic to allegedly unlawful use by a plaintiff. *See Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466 (5th Cir. 2021). In a dispute between the producers of competing mayonnaise-plus-ketchup condiment products, the defendant sought to foreclose a finding of liability by arguing that the plaintiff, whose primary businesses were a nine-room motel and a used-car lot, had failed to comply with applicable state and federal food labelling regulations; according to the defendant, that noncompliance precluded the plaintiff from establishing his priority of rights. The court rejected that argument, explaining that "this court has not adopted the unlawful use doctrine—the doctrine that failing to abide by all laws and regulations can turn what would otherwise constitute 'use' into 'non-use.' We see no reason to adopt the doctrine here." *Id.* at 475 (citations omitted). The allegedly unlawful

nature of the plaintiff's use therefore played no further role in the case.

- b. Although once largely moribund, the USPTO's rule requiring a registrant averring a date of first use earlier than that set forth in the registrant's application to prove the earlier date by clear and convincing evidence continued to make a comeback. *See NT-MDT LLC v. Kozodaeva*, 2021 U.S.P.Q.2d 433 (T.T.A.B. 2021). It did so in a case in which an intent-to-use applicant admittedly had no use of her applied-for mark at the time she filed a statement of use. Despite that admission, the registrant claimed to have purchased the rights of a third party, whose rights to an identical mark (putatively purchased from another third party) predated the filing of the statement of use. Reviewing the alleged chain of title for the third-party mark, the Board found it wanting in a number of respects, including both an apparent assignment in gross and another one that failed to identify the mark as among the assets transferred. Under the circumstances, the Board found the registrant had failed to demonstrate use of the mark prior to the filing date of her statement of use by the required clear and convincing evidence, leading to the invalidation of her registration as void ab initio. *Id.* at *30 ("Respondent admits that she did not use the mark she registered in the United States prior the expiration of the time for filing the statement of use, and she has not demonstrated through clear and convincing evidence that she can establish use of the mark prior to the first use date claimed in the registration by reliance on the rights of any other users of the same mark as their successor-in-interest. We therefore sustain Petitioner's claim of nonuse in commerce prior to the expiration of Respondent's period for filing a statement of use.").

2. Proving Distinctiveness

- a. As always, some courts declined to find that plaintiffs' marks lacked distinctiveness as a matter of law on motions to dismiss. *See, e.g., Kid Car NY, LLC v. Kidmoto Techs. LLC*, No. 19-CV-7929 (PKC), 2021 WL 466975, at *6 (S.D.N.Y. Feb. 9, 2021).
- b. *United States Patent & Trademark Office v. Booking.com B.V.*, 140 S. Ct. 2298 (2020), has not mandated the registrability of all claimed generic.com marks. In *In re Consumer Protection Firm PLLC*, 2021 U.S.P.Q.2d 238 (T.T.A.B. 2021), the Trademark Trial and Appeal Board found the claimed "the consumer protection firm.com" mark generic for legal services. It also sustained a requirement that the applicant disclaim those words from a second application to register the following composite mark verbal component of the following composite mark for the same services:



Generic uses of “consumer protection law firm” by competitive firms practicing “consumer protection law” played a significant outcome in that disposition, as did “use by three different organizations, Super Lawyers, FindLaw and LawInfo, in which ‘Consumer Protection’ is provided as a ‘filter’ by category of law that consumers can use to narrow their search for attorneys and law firms that practice in this area of the law.” *Id.* at *12.

- c. The Board was marginally more generous to applicants to register the claimed marks ONLINETRADEMARKATTORNEYS.COM mark for “legal services” and COOKINPELLETS.COM to be generic for “processed wood fuel in the nature of pellets for use in barbecue grills,” finding each descriptive, rather than generic. *In re Sausser Summers, PC*, 2021 U.S.P.Q.2d 618 (T.T.A.B. 2021); *In re GJ & AM, LLC*, 2021 U.S.P.Q.2d 617 (T.T.A.B. 2021). Nevertheless, it ultimately refused registration to each mark for want of secondary meaning.
- d. In *In re Recreational Equipment, Inc.*, 2020 U.S.P.Q.2d 11386 (T.T.A.B. 2020), an examiner had creatively refused registration to the CO-OP mark for “bicycles, bicycle seats, bicycle wheels, bicycle tires, bicycle handlebars, bicycle” after noting that the applicant was organized as a cooperative. The Board quite properly reversed that outcome, finding an absence of evidence concerning consumers’ perception of the mark when applied to the goods covered by the application.

3. Proving Nonfunctionality

a. Utilitarian Nonfunctionality

- i. Unusually, the Third Circuit declined to give dispositive effect to the disclosure of a related utility patent. *See Ezaki Glico Kabushiki Kaisha v. Lotte Int’l Am. Corp.*, 986 F.3d 250, 260 (3d Cir. 2021), *petition for cert. filed*, No. 20-1817 (U.S. June 29, 2021). Nevertheless, it affirmed a finding of

functionality as a matter for the following configuration of a snack based largely on its inherent utility:



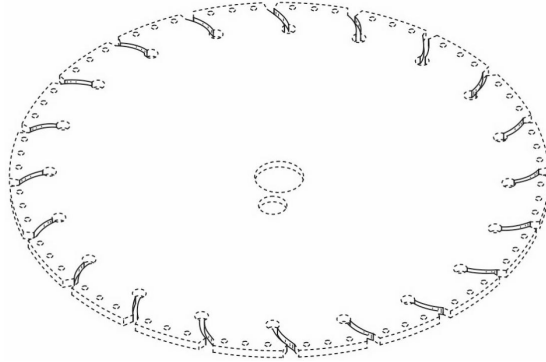
According to the court:

Every feature of [the plaintiffs’] registration relates to the practical functions of holding, eating, sharing, or packing the snack. Consider each stick’s uncoated handle. [The plaintiffs’] internal documents show that it wanted to make a snack that people could eat without getting chocolate on their hands. [The product] was born when [the plaintiffs] found that [they] could coat just part of a cookie stick, leaving people an uncoated place to hold it. So [they] designed [the product’s] handle to be useful.

Id. at 260.

- ii. The Second Circuit also reached a finding of functionality as a matter of law in an action to protect a color coding system for mixing tips and cartridges used by dentists to create impressions of teeth for dental procedures, such as crowns. *See Sulzer Mixpac AG v. A&N Trading Co.*, 988 F.3d 174 (2d Cir. 2021). Although the district court had reached a factual finding that the plaintiff’s colors were nonfunctional, the appellate court reversed that determination outright. The latter tribunal determined that “[t]he evidence elicited at the bench trial . . . firmly establishes that the colors [of the mixing tips] signify diameter, which in turn assists users with selecting the proper cartridge for their needs.” *Id.* at 183.
- iii. The Trademark Trial and Appeal Board continued to be an inhospitable forum for claims of trade dress protection to

product designs in finding the following claimed mark functional for “circular saw blades for power operated saws”:



In re MK Diamond Prods., Inc., 2020 U.S.P.Q.2d 10882 (T.T.A.B. 2020).

- iv. In contrast, a Georgia federal district court declined to reach either a finding of utilitarian functionality or one of utilitarian nonfunctionality as a matter of law for the following configuration of an office chair:



See Herman Miller, Inc. v. Belnick LLC, No. 1:18-CV-05012-WMR, 2021 WL 764104 (N.D. Ga. Jan. 4, 2021). In denying the parties’ cross-motions for summary judgment on the issue, the court credited the defendant’s “extraordinary effort to separate out each individual part of the [plaintiff’s] chairs and explain the functional purpose for each part, and the evidence shows that many aspects of the . . . chairs indeed have functional purposes.” *Id.* at *7. Nevertheless, it also accepted the plaintiff’s argument that the chair’s overall appearance was sufficiently unique as to be nonfunctional. *Id.* Consequently, neither party was entitled to summary judgment. *Id.*

- v. Other courts declined to reach findings of functionality at the pleadings stage of the cases before them. *See I.M. Wilson, Inc. v. Otvetstvennostyou “Grichko,”* No. CV 18-5194, 2020 WL 6731109, at *14 (E.D. Pa. Nov. 13, 2020) (declining to

find configuration of ballet show functional as a matter of law); *Health Indus. Bus. Commc'ns Council Inc. v. Animal Health Inst.*, 481 F. Supp. 3d 941, 952-53 (D. Ariz. 2020) (declining to find a “9-digit alphanumeric identifier for trading partners in the healthcare industry, including the animal health industry” functional as a matter of law).

b. Aesthetic Nonfunctionality

- i. Denying a pair of cross-motions for summary judgment, a Georgia federal district court found a dispute over the aesthetic functionality or nonfunctionality of the configuration of an office chair. *See Herman Miller, Inc. v. Belnick LLC*, No. 1:18-CV-05012-WMR, 2021 WL 764104 (N.D. Ga. Jan. 4, 2021). Drawing upon the Supreme Court’s opinion in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), the court noted that:

A claimed trade dress has aesthetic functionality if it serves an aesthetic purpose wholly independent of any source identifying function, such that its protection under trademark law would put competitors at a “significant non-reputation-related disadvantage” by forcing them to use alternative designs that would make their products more costly to sell or would make their products less marketable for reasons having nothing to do with the reputation of any source.

Belnick, 2021 WL 764104, at *7 (quoting *TrafFix Devices*, 532 U.S. at 33). The court’s analysis of the defendant’s motion for summary judgment was more detailed than that of the plaintiff’s cross-motion. In denying the former, it noted the plaintiff’s proffer of “evidence to show that its aesthetic and artistic configurations of those parts are . . . unique.” *Id.* But, in denying the latter, it also found “evidence in the record from which a jury could reasonable infer that the designs of the [plaintiff’s] chairs are functional because the design aspects are essential to the use or purpose of all chairs in general.” *Id.* The plaintiff’s claim of aesthetic nonfunctionality therefore survived until trial.

- ii.

II. PROVING INFRINGEMENT AND UNFAIR COMPETITION

A. Proving Actionable Uses in Commerce by Defendants

As a prerequisite for liability, the Lanham Act’s primary statutory causes of action, namely, those set forth in Sections 32, 43(a), and 43(c), each requires the challenged use be one in connection with goods or services in commerce. 15 U.S.C. §§ 1114, 1125(a), 1125(c) (2018). Likewise, corresponding state law causes of actions often contemplate similar showings by plaintiffs, albeit without requiring that use to occur across state lines. *See, e.g.*, N.Y. GEN. BUS. LAW § 360-k(a) (McKINNEY 2012). These requirements often lead defendants to challenge the adequacy of plaintiffs’ averments or proof of the necessary use.

1. In *Ohio State Univ. v. Redbubble, Inc.*, 989 F.3d 435 (6th Cir. 2021), the Sixth Circuit reversed a restrictive definition of use in commerce applied by the district court. The plaintiff in the action was The Ohio State University, which objected to the sale of goods bearing imitations of its federally registered marks on Redbubble’s online platform. Redbubble successfully pursued a motion for summary judgment of nonliability for direct infringement by arguing that it merely provided “independent artists” an online platform through which to sell their goods and access to Redbubble’s relationships with manufacturers and shippers. The appellate court found that defense wanting, and it therefore vacated Redbubble’s victory below with the following explanation:

Although Redbubble utilizes a third-party to manufacture goods sold on its site, the degree of control and involvement exercised by Redbubble over the manufacturing, quality control, and delivery of goods to consumers is relevant to an assessment of whether the offending goods can fairly be tied to Redbubble for the purpose of liability. The record below lacks sufficient development of the facts to affirmatively decide this issue.

All said, it appears that Redbubble brings trademark-offending products into being by working with third-party sellers to create new Redbubble products, not to sell the artists’ products. So it’s more than just a passive facilitator. And Redbubble classifies its goods as “Redbubble products” and makes clothes identifiable as “Redbubble garments.” That differs from Amazon’s marketplace and makes more “use” of the trademark than non-labile facilitators in cases from other circuits. Given that the district court strayed from this understanding of the Lanham Act, we find that it wrongly entered summary judgment for Redbubble on the direct Lanham Act liability claim.

Id. at 448 (citations omitted). The court therefore remanded the case for additional fact finding under an application of the proper standard. *Id.* at 451.

2. The only readily apparent reported opinion to dispose of a case after determining that allegedly infringing marks were not used in commerce had an easy time doing so. *See D.B.C. Corp. v. Nucita Venezolana, C.A.*, 464 F. Supp. 3d 1323 (S.D. Fla. 2020). As it noted, the plaintiff’s own complaint recited that the marks in question were the subjects of federal intent-to-use applications and that the defendants had not yet introduced them. Dismissal of the plaintiff’s complaint for failure to state a claim therefore was appropriate because “by conceding that the Defendants have not yet begun to use the allegedly infringing unregistered marks—and instead only intend to use them—Plaintiff has failed to state a claim for false designation of origin.” *Id.* at 1330.

B. Proving Likely Confusion

1. Opinions Reaching Findings of Liability

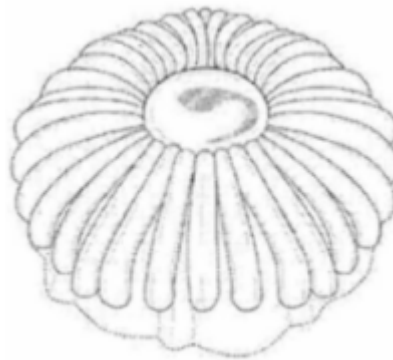
- a. Some courts concluded that an absence of factual disputes rendered summary judgment of liability appropriate. Perhaps the most notable opinion to reach such an outcome originated in an appeal to the Eleventh Circuit of a victory as a matter of law by a college challenging the unauthorized use of its SAVANNAH COLLEGE OF ART AND DESIGN and SCAD marks, as well as a stylized bee design, on sportswear. *See Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 983 F.3d 1273 (11th Cir. 2020) (“*SCAD II*”).
 - i. In the course of an earlier appeal in the same case, the Eleventh Circuit had (incorrectly) suggested that, because the plaintiff had registered its marks only in connection with educational *services*, its rights did not reach the *goods* sold by the defendant. *See Savannah Coll. of Art & Design, Inc. v. Sportswear, Inc.*, 872 F.3d 1256, 1267 (11th Cir. 2017) (“*SCAD I*”) (“[E]xtending the scope of a registered trademark (which identifies ‘goods’) to a different product appears to be qualitatively different from extending the scope of a registered service mark (which identifies ‘services’) to a different category of ‘goods.’”).
 - ii. The court did not repeat its earlier error, but instead held that:

The similarity-of-goods factor assesses “whether the goods are so related in the minds of consumers that they get the sense that a single producer is likely to put out both

goods. . . .” [T]his factor is less important in cases—like this one—that concern the use of the plaintiff’s service marks on the defendant’s goods for the very reason that the plaintiff’s marks embody the plaintiff’s goodwill and reputation.

SCAD II, 983 F.3d at 1283-84 (quoting *Frehling Enters. v. Int’l Select Grp.*, 192 F.3d 1330, 1338 (11th Cir. 1999)).

- iii. From there, the court held it beyond material dispute that the plaintiff’s marks were commercially strong (despite two of them being geographically descriptive) in the absence of significant third-party usage of similar marks, *id.* at 2383, that the marks used by the parties were actually or virtually identical, *id.*, and that the defendant’s imitation of the plaintiff’s marks established the defendant’s intent to associate its goods with the plaintiff. *Id.* at 1284-85. Although the plaintiff had proffered only a single instance of actual confusion, the weakness of its showing on that single issue did not create a dispute of material fact as to the likely confusion created by the defendant’s conduct, especially in light of the “smaller market and inexpensive goods” at issue. *Id.* at 1286.
- b. Although findings of likely confusion in actions to protect nontraditional marks have decreased in recent years—all too often, the claimed owners of those marks fail to get past the mark-validity inquiry, one plaintiff successfully prosecuted an action to register the following frosting pattern, which it had registered for cakes:



See Denbra IP Holdings, LLC v. Thornton, No. 4:20-CV-813-SDJ, 2021 WL 674238, at *1 (E.D. Tex. Feb. 22, 2021). According to the court, which reached a finding of infringement on a motion for a preliminary injunction, “[h]ere, the frosting patterns appear to be identical. These identical frosting patterns could cause a reasonable person to believe that [the parties’] products have a common origin

or association and thus this [factor] weighs heavily in favor of [the plaintiff].” *Id.* at *6.

- c. Not surprisingly, the Trademark Trial and Appeal Board reached a finding of likely confusion between the TRUST THE PROCESS mark for shoes and the prior-registered identical mark for shirts and sweatshirts. *In re Embiid*, 2021 U.S.P.Q.2d 577 (T.T.A.B. 2021). The applicant was Philadelphia 76ers star Joel Embiid, who gamely argued that his notoriety sufficiently distinguished the marks as the parties used them as to render confusion unlikely. Invoking its prior rejection of a similar argument in *In re i.am.symbolic, llc*, 127 U.S.P.Q.2d 1627 (T.T.A.B. 2018), especially in light of the absence of any restrictions in the identifications of goods in the filings at issue. *Embiid*, 2021 U.S.P.Q.2d 577, at *17-18.
- d. Relying in part on *B & B Hardware, Inc. v. Hargis Indus.*, 575 U.S. 138 (2015), a Michigan federal district court held that a final finding of likely confusion by the International Trade Commission was entitled to issue-preclusive effect. *See Mahindra & Mahindra Ltd. v. FCA US LLC*, 503 F. Supp. 3d 542, 548-49 (E.D. Mich. 2020).

2. Opinions Rejecting Findings of Liability

- a. Some claims of likely confusion fell short as a matter of law on motions for summary judgment. One such claim rested on the plaintiff’s sale of a combination mayonnaise-plus-ketchup product sold in the following packaging under the incontestable METCHUP mark:



See Perry v. H. J. Heinz Co. Brands, L.L.C., 994 F.3d 466, 472 (5th Cir. 2021). The plaintiff objected to the defendant’s marketing of a competitive product in the packaging below on the left, which was

never actually sold in light of the defendant's eventual choice to proceed with the packaging below on the right:



Id. The weakness of the plaintiff's mark played a key role in the failure of his case, for, as the court observed, "the market is not covered in [the plaintiff's] Metchup," *id.* at 468; instead, the plaintiff had sold only 50 to 60 bottles of his product (the first of them to his mother) "exclusively from the lobby of a nine-room motel adjacent to his used-car dealership in Lacombe, Louisiana." *Id.* The court also concluded of the parties' respective containers that "[t]he products' distinguishable packaging mitigates against [the defendant's] use of the word Metchup because the packaging differences make confusion less likely." *Id.* So too did the defendant benefit from the suggestiveness of the plaintiff's mark, *id.*, the differing markets served by the parties, *id.* at 472, the lack of overlapping advertising media, *id.* at 472-73, the reasonableness of the defendant's conclusion in the clearance process that the plaintiff had abandoned the use of his mark, *id.* at 473, and the absence of actual confusion. *Id.* Although the parties' goods and the goods' inexpensive price points favored the plaintiff's position, *id.* at 472, and despite the plaintiff's proffer of expert testimony from a marketing professor concerning the alleged visual and auditory similarity of the METCHUP and MAYOCHUP marks, the court held there was no material dispute as to the unlikelihood of confusion between the parties' respective uses of those marks. *Id.*

- b. The Second Circuit also affirmed a finding of unlikely confusion as a matter of law, at least with respect to certain of the marks at issue. *See Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314 (2d Cir.

2020). The plaintiff and the defendants sold the following competitive automotive air fresheners, which they sold under the BAYSIDE BREEZE and BOARDWALK BREEZE mark, respectively:



Id. at 324. The court agreed with the plaintiff that BAYSIDE BREEZE was suggestive, but extensive third-party use of “breeze” by third parties outweighed any conceptual strength the mark might have enjoyed; according to the court, “[w]hen the word that makes a mark somewhat suggestive is widely used in competitive, nearly competitive, and other products, its suggestive quality substantially loses what that quality would otherwise contribute to the strength of a trademark.” *Id.* at 330. Comparing the marks themselves, the court was unimpressed with the plaintiff’s reliance on the common word “breeze” because “the use of a single word from a suggestive mark, coupled with differences in the appearance of the packaging, tends to weigh the similarity factor in favor of [the defendants]” *Id.* at 332. It likewise held that the absence of cognizable actual confusion, even if “not fatal,” nevertheless favored the defendants. *Id.* Although the summary judgment record contained communications between the defendants’ employees that the court perceived as evidence a bad-faith intent to emulate the plaintiff’s mark, *id.* at 333, and despite the low level of consumer sophistication and low price points in the industry, *id.* at 334, summary judgment in the defendants’ favor had been appropriate. *Id.*

- c. If a good bearing a mark has been introduced into the stream of commerce under the authority of the mark’s owner, the first-sale, or exhaustion, doctrine generally restricts the ability of the mark owner to challenge the unauthorized resale of the good under trademark law. Holding that “[a] defendant may lawfully use a plaintiff’s trademark where doing so is necessary to describe the plaintiff’s product

and does not imply a false affiliation or endorsement by the plaintiff of the defendant,” *Shetel Indus. v. Adin Dental Implant Sys., Inc.*, 493 F. Supp. 3d 64, 126 (E.D.N.Y. 2020) (quoting *Tiffany (NJ) Inc. v. eBay Inc.*, 600 F.3d 93, 102-03 (2d Cir. 2010)), one court applying that principle similarly granted a motion for summary judgment on counterclaims brought by the manufacturers of branded dental products against those counterclaim plaintiffs’ former distributors. The summary judgment record established that the counterclaim defendants had continued to sell goods manufactured by the counterclaim plaintiffs after the counterclaim plaintiffs had terminated the counterclaim defendants as distributors but also that “the alleged unauthorized sales are merely sales of the same products in the same packaging to the same customers to whom [the counterclaim defendants] had been selling when [they were] the authorized distributor[s] of [the counterclaim plaintiffs].” *Id.* at 126. “Thus,” the court concluded, “the [counterclaim defendants]’ claims allege nothing more than breach of contract as to authentic goods, for which no claim for trademark infringement or unfair competition will lie.” *Id.*

- d. The difficulty of demonstrating that a trial court abused its discretion in declining to grant a likelihood-of-confusion-based preliminary injunction was apparent in the outcome of an appeal to the Fifth Circuit. *See Future Proof Brands, L.L.C. v. Molson Coors Beverage Co.*, 982 F.3d 280 (5th Cir. 2020). The unsuccessful plaintiff pursuing that relief sold the BRIZZY-branded hard seltzer beverage product shown below on the left, while its opponent sold the competing beverage shown below on the right under the VIZZY mark:



- i. Before identifying or addressing the standard likelihood-of-confusion factors, the court waxed eloquent on the “variety of ways” in which the appearances of the parties’ cans differed, *id.* at 288, which, along with third-party use of “-izzy” marks for other beverages, weighed against a finding of mark similarity. *Id.* at 294, 295. The court then dismissed the plaintiff’s claim of commercial mark strength despite classifying the plaintiff’s mark as suggestive and despite a federal registration covering the mark. It explained with respect to the latter consideration:

“[T]he presumption of validity that attaches to a service mark is not relevant to the issue of infringement.” And that makes sense. For an infringement claim, we examine the strength of a mark, not its distinctiveness or validity. Thus, [the plaintiff’s] claim that the district court should have given “weight to the presumption of distinctiveness” is inconsistent with our precedent.

Id. at 293 (footnotes omitted) (quoting *Sun Banks of Fla., Inc. v. Sun Fed. Savs. & Loan Ass’n*, 651 F.2d 311, 315 (5th Cir. 1981)).

- ii. The court also rejected the plaintiff’s claims that the defendant’s awareness of the plaintiff’s mark prior to adopting its own established the defendant’s bad faith, *id.* at 293, and that an inquiry by a wholesaler of the plaintiff about the defendant’s product constituted meaningful evidence of actual confusion. *Id.* at 297.
- iii. Finally, the court disagreed that the low price point of the parties’ beverages necessarily meant consumers of them exercised a low degree of care in the absence of sworn testimony on the subject. *Id.* Based on the preliminary record, “the [district court’s] decision isn’t one of the ‘extraordinary circumstances,’ in which a district court so clearly erred that we will ‘reverse the denial of a preliminary injunction.’” *Id.* at 298 (quoting *Anderson v. Jackson*, 556 F.3d 351, 355–56 (5th Cir. 2009)).
- e. Although likelihood of confusion is a question of fact in the Fifth Circuit, a Louisiana federal district court reached a finding of non-infringement as a matter of law at the pleadings stage of the case before it. *See Dupart v. Roussell*, 497 F. Supp. 3d 102 (E.D. La. 2020). The gravamen of the plaintiffs’ claims was that the defendant, who had a cosmetic business, had posted videos with negative comments about competing cosmetic products produced by the lead plaintiff and, additionally, had implied the plaintiffs were in a same-sex marriage. The plaintiffs moved the court for a preliminary injunction against references in the defendant’s videos to marks owned by the plaintiffs, and the court unusually treated the defendant’s response as a motion to dismiss, which it granted. According to the court, “Plaintiffs do not allege any facts that could show a likelihood of confusion. To the contrary, plaintiffs’ factual allegations suggest just the opposite—defendant uses plaintiffs’ marks in a manner that differentiates his products from plaintiffs’ marks,

mostly by making negative comments about [the lead plaintiff's goods] or [plaintiffs'] personally." *Id.* at 111. "Because plaintiffs fail to plausibly allege a likelihood of confusion between any of the marks at issue," the court concluded, "the plaintiffs fail to state a trademark-infringement claim under the Lanham Act." *Id.* at 112.

3. Opinions Deferring Resolution of the Liability Inquiry

- a. The inherently factual nature of the likelihood-of-confusion inquiry precluded its resolution as a matter of law in at least one opinion on a motion to dismiss for failure to state a claim. *See, e.g., Soter Techs., LLC v. IP Video Corp.*, No. 20-CV-5007 (LJL), 2021 WL 744511, at *9–10 (S.D.N.Y. Feb. 26, 2021).
- b. Motions for summary judgment also fell short. Perhaps the most notable reported opinion featuring such a disposition came from the Second Circuit in a case brought by high-end jewelry retailer Tiffany and Company against warehouse club operator Costco. *See Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74 (2d Cir. 2020). That opinion arose from Tiffany's challenge to Costco's sale of rings with Tiffany-style settings using point-of-sale signs, some of which used the phrases "Tiffany setting," "Tiffany set," and "Tiffany style," while others used "only the word 'Tiffany.'" *Id.* at 81. Although the district court found that Costco's conduct constituted infringement as a matter of law, the Second Circuit vacated that holding. Contrary to the district court's view of the summary judgment record, it determined that Costco had placed Tiffany's survey evidence of actual confusion into dispute by proffering expert testimony criticizing the survey's methodology. *Id.* at 87. With respect to the issue of Costco's bad faith, it then held that the district court had failed to accord proper weight to Costco's showing "that it had never attempted to adopt the Tiffany mark, that its signs actually used the word 'Tiffany' as a brand-independent description of a particular style of diamond setting, and that those signs merely reflected information provided by its own suppliers." *Id.* at 88. Finally, it concluded, an expert report proffered by Costco on the "high involvement" nature of purchases of engagement rings created a factual dispute as to the degree of care exercised by consumers of the parties' goods. "[W]hen considered in the aggregate," the court observed in remanding the action for trial, Costco had created "a genuine question as to the likelihood of customer confusion." *Id.* at 91.
- c. Plaintiffs were not the only litigants who failed to defend their successful prosecution of summary judgment motions, for the Eighth Circuit vacated and remanded the grant of a defense motion in an opinion addressing the viability of initial-interest confusion as an actionable tort. *See Select Comfort Corp. v. Baxter*, 996 F.3d 925

(8th Cir. 2021). The plaintiffs in the appeal before that court manufactured adjustable air mattresses, which they sold under the SLEEP NUMBER and NUMBER BED marks primarily through company-owned stores, although they also availed themselves of online and telephone marketing. The court summarized the plaintiffs' allegations of likely confusion in the following manner:

Plaintiffs' overall theory of the case alleges Defendants employed words or phrases identical or confusingly similar to Plaintiffs trademarks in various online advertising formats including: website urls; search inquiry paid terms; embedded links in third-party sites; and general use of identical or similar phrases in text advertisements or combined graphic-and-text advertisements that could be viewed by users or detected organically by search engines.

Id. at 930. The plaintiffs argued that this conduct created initial-interest confusion, but the district court dismissed that theory on summary judgment, holding it available only in cases involving unsophisticated consumers. The appellate court, however, held that the district court's focus on point-of-sale confusion was misplaced and that a jury instruction emphasizing confusion among purchasers was misplaced. Although it previously had recognized the actionable nature of post-sale confusion based on a circa-1962 amendment to Section 32 removing an express reference to "purchasers," *Insty*Bit, Inc. v. Poly-Tech Indus.*, 95 F.3d 663, 671-72 (8th Cir. 1996), it also had previously declined to allow liability arising from initial-interest confusion in a case involving sophisticated consumers. *See Sensient Techs. Corp. v. SensoryEffects Flavor Co.*, 613 F.3d 754, 769 (8th Cir. 2010). Faced with reconciling its arguably inconsistent prior opinions, the court held that "when a jury question exists as to the issue of consumer sophistication, a plaintiff should not be barred from proving presale, initial-interest confusion. In reaching this conclusion we find the Lanham Act itself and amendments to its language . . . particularly compelling." *Select Comfort*, 996 F.3d at 935. Then, having concluded that a factual dispute indeed existed as to the sophistication of the parties' consumers, the court vacated the jury's finding of noninfringement and remanded the action for further proceedings. "In so ruling," however, the court disclaimed any intent to "comment as to how a finding of confusion at times other than the moment of purchase might affect the analysis of remedies and the determination of damages." *Id.* at 938.

- d. The Second Circuit similarly order a partial vacatur and remand of an action in which the parties marketed competing automotive air

fresheners, “products,” the court explained, “that emit a pleasant scent in automobiles.” *See Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314, 318 (2d Cir. 2020). One mark used by the plaintiff was BLACK ICE, which it affixed to its goods in the following manner:



Id. at 320-21. For their part, the defendants affixed MIDNIGHT BLACK ICE STORM to the following goods:



Id. at 323. Although the defendants successfully moved the district court for summary judgment of noninfringement, the Second Circuit found that a number of considerations created a factual dispute as to the confusing similarity of the parties’ respective uses. One was the perceived strength of the plaintiff’s mark, which the court felt was established by the mark’s inherent distinctiveness and the plaintiff’s evidence of acquired distinctiveness. *Id.* at 328-30. Comparing the marks themselves, the court next observed that “[i]t is extremely unusual for the mark of a junior user to include two identical words of

a senior user’s mark in sequence.” *Id.* at 330. The defendants understandably argued that the parties’ packaging was distinguishable in overall appearance, but the court noted it had “found no decision where differences in packaging dispelled the similarity of a mark that used two identical words, neither of which is descriptive of the products on which they appear, and the defendant put them, in sequence, in a mark placed on competitive products.” *Id.* at 331. Equally problematic for the defendants were e-mails among their personnel documenting their intent to adopt marks that “at least echoed” those of the plaintiff, which the court viewed as evidence of the defendants’ possible bad faith. *Id.* at 332. Further citing record evidence that “the [parties’] products are priced relatively modestly, are not complicated to use, and are sold in general merchandise stores,” *id.* at 333, the court held that a factual dispute precluded the summary disposal of the plaintiff’s infringement claim prior to trial.

C. Proving Passing Off and Reverse Passing Off

As the Supreme Court has explained, “Passing off (or palming off, as it is sometimes called) occurs when a producer misrepresents his own goods or services as someone else’s. “Reverse passing off,’ as its name implies, is the opposite: The producer misrepresents someone else’s goods or services as his own.” *Dastar Corp. v. Twentieth Century Fox Film Corp.*, 539 U.S. 23, 28 (2003). The Court’s understanding of the two torts, however, did not necessarily extend to litigants before the lower federal courts.

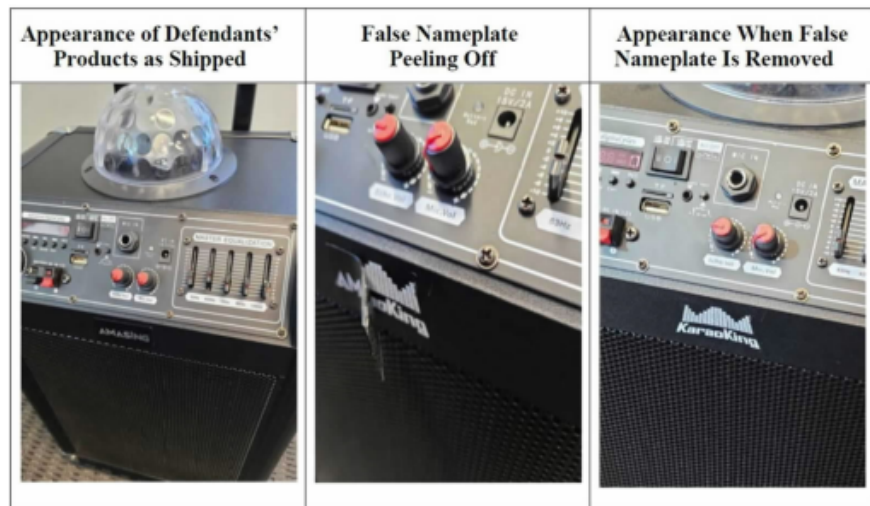
1. Passing Off

- a. One court held that “[p]assing off” consists of confusing the public and misleading them into thinking that [the] defendant’s product is actually the plaintiff’s.’ ‘The decisive test of common law unfair competition is whether the public is likely to be deceived about the source of goods or services by the defendant’s conduct.’” *Nestle USA, Inc. v. Ultra Distribuciones Mundiales S.A. de C.V.*, No. 5:20-CV-384-DAE, 2021 WL 359255, at *11 (W.D. Tex. Feb. 1, 2021) (quoting first *Aquawood, LLC v. Toys “R” Us-Del., Inc.*, No. 2:15-CV-05869-AB (MRWx), 2016 WL 10576620, at *3 (C.D. Cal. Mar. 10, 2016), then *Hokto Kinoko Co. v. Concord Farms, Inc.*, 810 F. Supp. 2d 1013, 1032 (C.D. Cal. 2011), *aff’d*, 738 F.3d 1085 (9th Cir. 2013)).
- b. Consistent with that definition, a different court entered summary judgment of liability for passing off without extended discussion after finding a lack of material dispute that the defendants had trafficked in goods bearing counterfeit imitations of the plaintiff’s marks. *See Mattel, Inc. v. AnimeFunstore*, No. 18 CIV. 8824 (LAP), 2021 WL 765766, at *6 (S.D.N.Y. Feb. 26, 2021) (“Because [the

plaintiff] is entitled to summary judgment on its trademark counterfeiting and infringement claims, [the plaintiff] also is entitled to summary judgment on its claim[] for . . . passing off . . .”).

2. Reverse Passing Off

- a. A New York federal district court entered a preliminary injunction based in part on conduct it found to constitute reverse passing off. *See DJ Direct, Inc. v. Margaliot*, No. 20-CV-2477 (MKB), 2021 WL 519465 (E.D.N.Y. Jan. 11, 2021), *appeal docketed*, No. 21-239 (2d Cir. Feb. 9, 2021). As reflected in the following graphic from the court’s opinion, the evidence established without apparent contradiction that the defendants had rebranded karaoke machines produced by the plaintiff by “hot gluing” labels bearing their own mark over the original labels:



Id. at *3. That result held because: (1) the machines originated with the plaintiff; (2) the defendants had falsely represented the origin of the machines; and (3) that false designation of origin was likely to cause confusion. *Id.* at *10-14.

- b. A Utah federal district court arguably expanded the scope of the tort of reverse passing off in a case between competitors in the market for preconditioned air units to cool aircraft and ground power units to power that equipment. *See John Bean Techs. Corp. v. B GSE Grp., LLC*, 480 F. Supp. 3d 1274 (D. Utah 2020). According to the court when ruling on the parties’ cross-motions for summary judgment:

To prevail on a reverse passing off claim under that test, a plaintiff must prove four elements: “(1) that the work at issue originated with the plaintiff; (2) that origin of the work was falsely designated by the defendant; (3) that the false designation of origin was

likely to cause consumer confusion; and (4) that the plaintiff was harmed by the defendant's false designation of origin.”

Id. at 1304 (quoting *Universal Furniture Int’l, Inc. v. Collezione Europa USA, Inc.*, 618 F.3d 417, 438 (4th Cir. 2010)). With respect to the first of these factors, the record established to the court’s satisfaction that, in the course of submitting bids, the defendant had replaced the plaintiff’s name and logo with its own on technical sheets and on photographs of the plaintiff’s goods; nevertheless, the defendant also delivered its own goods, which, it argued, placed it squarely within the safe harbor recognized by *Dastar* for goods copied from those of a plaintiff but manufactured by the defendant. In rejecting that argument, the court acknowledged that “[i]f [a] defendant supplies a product it manufactured, even if copied from a competitor, a reverse passing off claim generally will not attach.” *Id.* at 1306. In the final analysis, though:

[T]here are at least some instances in which a defendant may be liable for reverse passing off even where the product the defendant sells was not manufactured by the plaintiff.

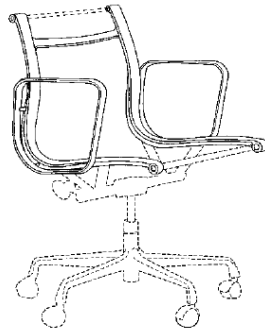
In this court’s judgment, this case presents one such scenario. . . . [A]lthough [the defendant] represented that it was offering for sale [its own] product to be manufactured by [a thirds party], the substance of the submittal revealed the product being offered for sale was actually produced by [the plaintiff].

Id. at 1307. Because the plaintiff also was able to satisfy the remaining three requirements of the court’s test, a finding of liability was the result. *Id.* at 1309.

D. Proving Actual and Likely Dilution

1. Proving Eligibility for Dilution Protection

- a. In an application of Section 43(c)(2) of the Lanham Act, 15 U.S.C. § 1125(c)(2) (2018), a Georgia federal district court declined to find as a matter of law that the following registered mark and its manifestation in the marketplace were not sufficiently famous to qualify for protection:



See Herman Miller, Inc. v. Belnick LLC, No. 1:18-CV-05012-WMR, 2021 WL 764104 (N.D. Ga. Jan. 4, 2021). The Ninth Circuit previously had held the chair ineligible for protection under the statute, *see Blumenthal Distrib., Inc. v. Herman Miller, Inc.*, 963 F.3d 859, 870 (9th Cir. 2020), but the Georgia court declined to give that outcome dispositive effect because, in its view, the Ninth Circuit’s analysis had not, in its view, properly focused on the four statutory factors for evaluating mark fame. Weighing the summary judgment record in light of those factors, the court credited the plaintiff’s showings of: (1) “many examples of advertising and publicity from third-parties regarding the . . . chairs, including numerous articles and product reviews, as well as the chairs’ featured prominence in movie, TV show, and commercials appearances,” as well as \$8 million in promotional expenses, *Belnick*, 2021 WL 764104, at *5; (2) 900,000 units sold, which the court found significant for “a distinctive luxury item that it not produced on a mass scale, *id.*; (3) the presence of the plaintiff’s chair in museum collections and expert testimony of its “unique and immediately recognizable design aesthetic,” *id.*; and (4) the registered status of the design, which the court found “supplies additional evidence of fame.” *Id.* Those considerations created a factual dispute as to the design’s fame.

- b. Although mark fame generally presents a factual question, a North Carolina federal district court did not hesitate to find a group of marks ineligible for protection on a motion to dismiss for failure to state a claim. *See Intercollegiate Women’s Lacrosse Coaches Ass’n v. Corrigan Sports Enters.*, 505 F. Supp. 3d 570 (M.D.N.C. 2020). The plaintiff, a non-profit organization of collegiate women’s lacrosse coaches, asserted rights to the IWLCA CHAMPIONS CUP, IWLCA NEW ENGLAND CUP, IWLCA MIDWEST CUP, IWLCA CAPITAL CUP, IWLCA PRESIDENTS CUP, and IWLCA DEBUT marks for women’s lacrosse tournaments, but the court was in no mood to entertain a claim that those marks were famous within the meaning of the federal statute. It held as a threshold matter that “[a] mark must be truly prominent and renowned’ to be considered famous under this standard. As this designation

provides strong protection to a mark, “the [Lanham Act] extends dilution protection only to those whose mark is a ‘household name.’” *Id.* at 588 (quoting *Rosetta Stone Ltd. v. Google, Inc.*, 676 F.3d 144, 171 (4th Cir. 2012)). Then, applying that standard, it concluded that “[the plaintiff] has failed to plead any facts that would indicate that its trademarks are sufficiently ‘famous’ among the general consuming public to qualify for dilution protection.” *Id.*

- c. A New York district court confirmed that the dilution statute of that state, N.Y. GEN. BUS. LAW § 360-1 (MCKINNEY 2012), does not require marks sought to be protected under it to be famous in the way required by the federal statute; instead, “[t]o prevail, a plaintiff must show that . . . the trademark is ‘truly of distinctive quality’ or has ‘acquired secondary meaning.’” *Shandong Shinho Food Indus. Co. v. May Flower Int’l, Inc.*, No. 19-CV-1621 (MKB), 2021 WL 736710, at *23 (E.D.N.Y. Feb. 25, 2021) (quoting *Sly Mag., LLC v. Weider Publ’ns L.L.C.*, 346 F. App’x 721, 723 (2d Cir. 2009)).

2. Proving Liability

- a. As always, the New York dilution statute played a greater role in litigation presenting claims of blurring than those of other states.
 - i. One court interpreting that dilution statute held that New York law does not permit a blurring claim unless the marks are ‘substantially’ similar.” *Easy Spirit, LLC v. Skechers U.S.A., Inc.*, No. 19CV3299, 2021 WL 247922, at *18 (S.D.N.Y. Jan. 26, 2021) (quoting *Miss Universe, L.P., LLLP v. Villegas*, 672 F. Supp. 2d 575, 595 (S.D.N.Y. 2009)). Then, comparing the parties’ marks—TRAVELTIME vs. COMMUTE TIME—it concluded they lacked the necessary similarity for the plaintiff’s cause of action to survive a defense motion for summary judgment. *Id.* at *18-19. That decision did not turn entirely on the marks themselves, but took into account the fact that consumers viewing the defendant’s complained-of mark did so in conjunction with the defendant’s house mark. *Id.* at *19.
 - ii. Two additional applications of the same rule came from the Second Circuit. *See Car-Freshner Corp. v. Am. Covers, LLC*, 980 F.3d 314 (2d Cir. 2020). One pair of marks at issue in the appeal before that court were BAYSIDE BREEZE and BOARDWALK BREEZE, both used in connection with automotive air freshener products. “Because we conclude that the “Bayside Breeze” and “Boardwalk Breeze” marks are only moderately similar,” the court held, “we affirm the grant [of summary judgment in the defendants’ favor] as to

the ‘Bayside Breeze’ mark.” *Id.* at 335. That opinion also relied on the presence of the parties’ house marks on their packages, as well the distinguishable appearance of those packages. *Id.* The outcome was not a total victory for the defendants, however, because the court found two other marks used by the parties—BLACK ICE and MIDNIGHT BLACK ICE STORM—to have “a high degree of similarity,” the court held summary judgment of nonliability inappropriate and remanded the action to the district court. *Id.*

iii. An additional opinion placed a different limit on actions under Section 360-*l*. See *Shetel Indus. v. Adin Dental Implant Sys., Inc.*, 493 F. Supp. 3d 64 (E.D.N.Y. 2020). The underlying dispute arose from the counterclaim defendants’ continued sale of goods manufactured by the counterclaim plaintiffs after the counterclaim plaintiffs had terminated the counterclaim defendants as distributors of those goods. Without extended analysis, the court granted the counterclaim defendants’ motion for summary judgment, holding that “to the extent that the [counterclaim plaintiffs] have failed to establish that the products the [counterclaim defendants] sold after the termination of the parties’ relationship were not genuine, they cannot establish a claim under Section[] . . . 360-*l*” *Id.* at 127.

b. The Georgia dilution statute, GA. CODE ANN. § 10-1-451(b), expressly excuses plaintiffs proceeding under it from demonstrating “confusion,” *id.*, and interpretations of it not surprisingly make clear that a showing of likely confusion is not a prerequisite for liability. See, e.g., *Augusta Nat’l, Inc. v. Nw. Mut. Ins. Co.*, 193 U.S.P.Q.2d 210, 222 (S.D. Ga. 1976) (“The test for dilution should not be related to or even limited by the test for confusion. Even though there may be no confusion, the distinctiveness of a famous trademark may be debilitated by another’s use and this is the essence of the wrong.”). When, in the course of granting a defense motion for summary judgment, a federal district court in that state commented on the “indistinguishability of the applicable standards” for claims of infringement and of likely dilution, the resulting victory by the defendant stood on shaky ground. See *J-B Weld Co. v. Gorilla Glue Co.*, 978 F.3d 778, 796 (11th Cir. 2020). “In light of the manner in which the District Court treated this claim,” the court held, “we cannot be sure that it did not erroneously require proof of likelihood of confusion to satisfy the requirements of [the state statute].” *Id.* at 796. It therefore vacated the grant of the defendant’s motion and remanded the action for a more fulsome treatment of the issue.

E. Proving Counterfeiting

1. To be an actionable counterfeit under federal law, a challenged mark must be a “spurious” copy of one covered by a federal register, which means it must be “identical [to], or substantially indistinguishable from, a registered mark.” 15 U.S.C. § 1127 (2018). That definition does not define the relationship between claims of counterfeiting, on the one hand, and claims of mere infringement, on the other, but the Ninth Circuit elaborated on that relationship in a case in which the plaintiff owned a federal registration of the EYE DEW mark for various skin-care cosmetic creams, including an eye cream that it sold in the following packaging:



See Arcona, Inc. v. Farmacy Beauty, LLC, 976 F.3d 1074, 1076 (9th Cir. 2020). The defendant also sold an eye cream featuring the words “eye dew” on its packaging:



Id. at 1077. The district court granted the defendants’ motion for summary judgment, and the Ninth Circuit affirmed after concluding that no reasonable jury could find the parties’ respective uses confusingly similar. Although the plaintiff urged the appellate court to recognize a presumption of likely confusion based on their concurrent use of the words comprising the plaintiff’s mark, the court declined to do so. Instead, it held, “even assuming the marks are identical, there may be no presumption of consumer confusion

if the products themselves are not identical. Put another way, a court must review the product as a whole in determining whether an allegedly counterfeit product will likely cause confusion.” *Id.* at 1080. Then, addressing that question, it observed that:

[N]o reasonable consumer would be confused by these two products because the packaging, size, color, shape, and all other attributes — other than the term “EYE DEW” — are not remotely similar. For example, [the defendants’] packaging looks distinct from [the plaintiff’s] because it features (i) multiple pictures of the Echinacea green envy plant used in the product, (ii) a picture of the farmers, and (iii) a description of the company.

Id. at 1080-81. Beyond that, the court found it “implausible that a consumer would be deceived because the products had their respective housemarks . . . prominently on the packaging,” *id.* at 1081, that evidence of third-party use “eye dew” rendered the plaintiff’s mark weak and entitled to only a limited scope of protection, *id.*, and that the absence of a bad-faith intent by the defendants also weighed in their favor. *Id.* The plaintiff’s counterfeiting cause of action therefore was fatally deficient as a matter of law. *Id.*

2. In contrast, a New York federal district court reached a finding of counterfeiting in a case brought by 3M against defendants it accused of selling spurious 3M-branded N95 masks and other personal protective equipment. *See 3M Co. v. CovCare, Inc.*, No. 21CV01644DGJRC, 2021 WL 1784314 (E.D.N.Y. May 5, 2021). That court did not take the Ninth Circuit’s approach but instead held:

“[W]here counterfeit marks are involved, it is not necessary to perform the step-by-step examination of each [likelihood-of-confusion] factor because counterfeit marks are inherently confusing.” In such cases, “[t]he court need only determine the more fundamental question of whether there are items to be confused in the first place – that is, whether the items at issue are, in fact, counterfeit and whether defendants sold those items . . . or offered those items for sale.”

Id. at *9 (second alteration in original) (quoting first *Chanel, Inc. v. RealReal, Inc.*, 449 F. Supp. 3d 422, 437 (S.D.N.Y. 2020), and then *Fendi Adele S.R.L. v. Filene’s Basement, Inc.*, 696 F. Supp. 2d 368, 383 (S.D.N.Y. 2010)).

F. Proving Cybersquatting

The Anticybersquatting Consumer Protection Act (ACPA) authorizes both in rem and in personam actions in challenges to domain names that allegedly misappropriate trademarks and service marks. *See* 15 U.S.C. § 1125(d) (2018). If a prior arbitration proceeding under the Uniform Dispute Resolution Policy (UDRP) has resulted in the suspension, transfer, or disabling of a domain name, the ACPA also authorizes what is effectively a mechanism for the domain name registrant to appeal the outcome of the UDRP action by bringing a cause of action for reverse domain name hijacking. *See id.* § 1114(2)(D)(v). The existence of the ACPA, however, does not prevent plaintiffs from challenging the alleged repurposing of their marks as domains under other theories, however.

1. When the counterclaim plaintiffs in one case terminated the counterclaim defendants as distributors of the counterclaim plaintiffs' dental implants, the counterclaim defendants continued to sell those goods on a website accessible at a domain name incorporating the mark appearing on the goods. *See Shetel Indus. v. Adin Dental Implant Sys., Inc.*, 493 F. Supp. 3d 64 (E.D.N.Y. 2020). In the lawsuit that followed, the counterclaim plaintiffs accused the counterclaim defendants of cybersquatting, but the court sided with the counterclaim defendants when they moved the court to dismiss that cause of action against them. Treating the motion as one for summary judgment, the court found it undisputed that the counterclaim defendants lacked the required bad-faith intent to profit from the disputed domain name. For others, the court noted, the counterclaim defendants had used the domain name for years without objection by the counterclaim plaintiffs. For others, the counterclaim plaintiffs had neither offered to sell the domain name to the counterclaim plaintiffs nor used false contact information in registering it. Especially because it was equally undisputed that the counterclaim defendants had used the domain name in connection with the bona fide sale of goods and services, "[t]he record evidence does not establish that the [counterclaim defendants] ever had any bad faith intent to profit from any goodwill associated with [the counterclaim plaintiff's] mark by registering or using the domain name at issue." *Id.* at 132.
2. In an application of the Ohio deceptive trade practices act, OHIO REV. CODE § 4165.02(A)(2), an appellate court of that state proved equally skeptical of a claim of cybersquatting brought under the deceptive trade practices act of that state. *See Wooster Floral & Gifts, L.L.C. v. Green Thumb Floral & Garden Ctr.*, No. 2019-0322, 2020 WL 7346018 (Ohio Ct. App. Dec. 15, 2020). There was no apparent dispute that the defendant had acquired a domain name—www.woosterfloral.com—incorporating the plaintiff's WOOSTER FLORAL mark and also that it had used the domain name to direct traffic to the website of its competitive floral business. Nevertheless, the court affirmed a finding below that the plaintiff had failed to demonstrate its entitlement to relief. According to the court:

Under the plain language of the statute, whether internet users are initially confused about the origin of a website does not matter; rather, the plaintiff must show a likelihood of confusion that goes to the source of the goods or services. The redirected website, [the defendant's] home page, clearly demonstrates [the defendant's] name, logo, and address and makes no mention of the trade name "Wooster Floral" within the website. Any reasonable internet user looking at the website can tell that it is [the defendant] that is providing the goods and that there is no indication of sponsorship, approval, or certification of goods by another entity. And a consumer who doesn't want to be there can quickly extricate himself by hitting [the back icon].

Id. at *3. The weakness of the plaintiff's geographically descriptive mark also weighed against its case for, as the court explained, "[i]t is plausible that a customer might type woosterfloral.com into a website because they are looking for Wooster Floral & Gifts' website. But a consumer might also type the address simply because they are looking for a floral shop in Wooster." *Id.*

III. PROVING FALSE ADVERTISING

- A. Most courts applied the standard five-part test for false advertising over the past year, requiring plaintiffs to show: (1) a false or misleading description of fact or representation of fact by the defendant in a commercial advertisement about its own or another's good or service; (2) the materiality of the misrepresentation; (3) actual or likely deception of a substantial segment of its audience; (4) placement of the misrepresentation in interstate commerce; and (5) actual or likely injury of the plaintiff, either by direct diversion of sales or by a lessening of goodwill associated with its products. *See, e.g., J-B Weld Co. v. Gorilla Glue Co.*, 978 F.3d 778, 796 (11th Cir. 2020); *Dupart v. Roussell*, 497 F. Supp. 3d 102, 119 (E.D. La. 2020); *Suzie's Brewery Co. v. Anheuser-Busch Cos.*, No. 3:21-CV-178-SI, 2021 WL 472915, at *3 (D. Or. Feb. 9, 2021); *GlaxoSmithKline LLC v. Boehringer Ingelheim Pharm., Inc.*, 484 F. Supp. 3d 207, 215 (E.D. Pa. 2020), *appeal docketed*, No. 20-2926 (3d Cir. Sept. 24, 2020); *Kurin, Inc. v. Magnolia Med. Techs., Inc.*, 473 F. Supp. 3d 1117, 1128 (S.D. Cal. 2020).
- B. Several courts held that allegations of false advertising must be pleaded with particularity under Rule 9 of the Federal Rules of Civil Procedure. *See, e.g., N. Bottling Co. v. Henry's Foods, Inc.*, 474 F. Supp. 3d 1016, 1029 (D.N.D. 2020); *In re Outlaw Lab'y, LLP*, 463 F. Supp. 3d 1068, 1082 (S.D. Cal. 2020), *on reconsideration*, No. 3:18-CV-0840-GPC, 2020 WL 3840559 (S.D. Cal. July 8, 2020); *Leines v. Homeland Vinyl Prods., Inc.*, No. 2:18-CV-00969-KJM-DB, 2020 WL 4194054, at *17 (E.D. Cal. July 21, 2020).

- C. A threshold issue in any false advertising action is whether the defendant has made an actionable objectively verifiable statement of fact. Some opinions reached outcomes favorable to defendants because the statements in question were either puffery or opinions, rather than verifiable statements of fact. *See, e.g., Kurin, Inc. v. Magnolia Med. Techs., Inc.*, 473 F. Supp. 3d 1117, 1137 (S.D. Cal. 2020) (“The statement that [the defendant’s] good] “eliminates” blood culture contamination is puffery. It is an exaggerated general statement on which medical professionals are unlikely to rely particularly when presented in the context of summarizing clinical study results.”);
- D. Courts generally agreed on the two ways in which challenged advertising could be false: (1) it could be literally false; or, alternatively, (2) it could be literally true but misleading in context. *See, e.g., Wing Enters. v. Tricam Indus.*, No. 17-CV-1769 (ECT/ECW), 2021 WL 63108, at *6 (D. Minn. Jan. 7, 2021); *Dupart v. Roussell*, 497 F. Supp. 3d 102, 119 (E.D. La. 2020).
- E. Courts generally tied the prerequisite of actual or likely deception to the type of falsity demonstrated by plaintiffs.
 1. If the challenged advertising was not literally false, extrinsic proof of actual or likely deception was required. *See, e.g., Act, Inc. v. Worldwide Interactive Network*, No. 3:18-CV-186, 2020 WL 4195269, at *6 (E.D. Tenn. July 21, 2020); *see also Suzie’s Brewery Co. v. Anheuser-Busch Cos.*, No. 3:21-CV-178-SI, 2021 WL 472915, at *4 (D. Or. Feb. 9, 2021) (“An advertisement that is not literally false . . . is not entitled to the presumption of consumer deception.”).
 2. In contrast, some courts held that a finding of literal falsity creates a presumption of actual or likely deception: Under that rule, “where a plaintiff can prove the challenged claims are ‘literally false,’ a court may grant relief ‘without considering whether the buying public was actually misled.’” *I.M. Wilson, Inc. v. Otvetsvennostyou “Grichko,”* No. CV 18-5194, 2020 WL 6731109, at *22 (E.D. Pa. Nov. 13, 2020) (quoting *Novartis Consumer Health, Inc. v. Johnson & Johnson-Merck Consumer Pharm. Co.*, 290 F.3d 578, 586 (3d Cir. 2002)); *see also Mahindra & Mahindra Ltd. v. FCA US LLC*, No. 18-CV-12645, 2021 WL 323253, at *5 (E.D. Mich. Feb. 1, 2021) (“Actual deception is presumed when a plaintiff relies on statements that are literally false.”).
 3. Finally, at least some courts held that “[a] presumption [of actual or likely deception] applies when a defendant intentionally misleads consumers.” *Kurin, Inc. v. Magnolia Med. Techs., Inc.*, 473 F. Supp. 3d 1117, 1144 (S.D. Cal. 2020).

- F. The materiality requirement for a finding of liability for false advertising mandates a showing that the defendant's misconduct has affected consumers' purchasing decisions.
1. Courts disagreed on the significance of a showing of literally false advertising to the requirement for liability that the advertising be material to consumer purchasing decisions.
- a. Taking their cue from a similar rule in the actual-or-likely-deception context, some courts have in recent years held that literally false advertising will create a presumption of materiality, *See, e.g.,* Vitamins Online, Inc. v. HeartWise, Inc, No. 2:13-CV-00982-DAK, 2020 WL 6581050, at *20 (D. Utah Nov. 10, 2020) (“[G]iven the court’s conclusion that [the defendant’s] statements and representations were literally false, [the plaintiff] is entitled to a presumption that those literally false statements and representations were material to consumers.”), *appeal docketed*, No. 20-4126 9th Cir. Dec. 4, 2020); *Dupart v. Roussell*, 497 F. Supp. 3d 102, 121 (E.D. La. 2020) (“Given that [the lead plaintiff] plausibly alleges that [the defendant’s] statements are literally false, the Court assumes, under the doctrine of literal falsity, that [the lead plaintiff] likewise adequately alleges that [the defendant’s] statements . . . were material to consumer decisions.”).
- b. The Eighth Circuit, however, reversed the use of a jury instruction to that effect. *See Select Comfort Corp. v. Baxter*, 996 F.3d 925 (8th Cir. 2021). As the court explained:

A finding that a statement is literally false . . . does not appear to suggest in any direct manner that the statement is material. A literally false statement could address any number of topics. As such, a finding of literal falsity, standing alone, does not necessarily make a statement more or less likely to influence a purchasing decision. Of course, depending on the nature of the falsehood and the topic it addresses, a jury might conclude a false statement is material. But the reasoning leading to such a conclusion depends on additional facts beyond mere falsity. In any event, an inference of a statement’s materiality based merely upon its falsity is neither so clear nor direct that it might support a burden-shifting presumption in a plaintiff’s favor.

Id. at 939.

- c. Another court adopted a different approach, allowing the plaintiff before it to rely upon a presumption of materiality for purposes of the liability inquiry but not for purposes of monetary relief. *See Newborn Bros. Co. v. Albion Eng'g Co.*, 481 F. Supp. 3d 312, 356 (D.N.J. 2020).
- 2. In a case not presenting the use of such a presumption arising from literally false advertising, an absence of materiality proved fatal to the plaintiff's claim of false advertising in an appeal before the Eleventh Circuit. *See J-B Weld Co. v. Gorilla Glue Co.*, 978 F.3d 778 (11th Cir. 2020).
 - a. Both parties to the litigation sold adhesives, and the gravamen of the plaintiff's claim was that the defendant had falsely advertised one of its products as "steel bond epoxy" because the product did not actually contain iron or steel as a reinforcing agent and, additionally, because it did not have the chemical composition necessary to qualify as an epoxy. The district court granted a defense motion for summary judgment for want of materiality, from which the plaintiff appealed.
 - b. One argument advanced by the plaintiff on appeal was that the district court had failed to recognize a presumption of materiality arising from the defendant's alleged misrepresentation of an inherent quality or characteristic of its adhesive. Although the Eleventh Circuit appears to have recognized such a presumption in at least some of its past opinions, it declined to do so in the case at hand. Rejecting the plaintiff's challenge to the defendant's product as an epoxy, it held that the "'inherent quality or characteristic' formulation adopted by this Circuit does not replace the consumer-oriented nature of the materiality inquiry with a scientific one." *Id.* at 797. Then, turning to the summary judgment record, it found that "[the plaintiff] has not presented any evidence that consumers are so scrupulous about the chemicals in their adhesives. In fact, the evidence presented indicates that consumers likely categorize 'epoxies' as all two-part resin-and-hardener adhesives, regardless of the chemical constitution of the resin." *Id.* This was true even if products like those of the defendant had "'different physical properties,' including 'safety and odor differences,'" *id.* at 798, when compared to the plaintiff's epoxy in light of the absence of record evidence or testimony "that these differences would matter to a consumer." *Id.*
 - c. The court then turned to the plaintiff's challenge to the "steel bond" reference on the defendant's packaging. Of that challenge, the court remarked that "[w]e are skeptical of [the defendant's] claim that the phrase 'steel bond' is intended to describe 'a strong bond that works well on metal,' rather than an adhesive that physically contains iron or steel as a reinforcing agent." *Id.* That skepticism ultimately made

no difference in the outcome of the appeal, however, for the court once again determined that the plaintiff had failed “to show that the presence or absence of steel in [the defendant’s] resin would be material to a consumer’s purchasing decision.” *Id.* In particular, although the plaintiff had adduced survey evidence suggesting that respondents had concluded from the defendant’s packaging that the enclosed adhesive included steel, the survey had not asked respondents “whether their conclusions about the presence of steel would have affected their decision to purchase one product or the other.” *Id.* at 797. “Without asking that question or something similar,” the court held, “the survey fails to address the critical issue of effect on purchasing decisions, and therefore cannot be probative of materiality.” *Id.* at 798. The district court therefore had not erred in granting summary judgment to the defendant.

IV. PROVING RIGHT-OF-PUBLICITY VIOLATIONS AND FALSE ENDORSEMENT

- A. The Sixth Circuit chose to put off a final resolution of persona-based claims brought by The Ohio State University under the Ohio right-of-publicity statute, OHIO REV. CODE § 2741, and the common law of that state against online vendor Redbubble. *See Ohio State Univ. v. Redbubble, Inc.*, 989 F.3d 435 (6th Cir. 2021). The persona at issue was that of former head football coach Urban Meyer, who had assigned it to the University during his tenure there. In response to the University’s suit, Redbubble successfully argued to the district court in a motion for summary judgment that responsibility for any misappropriation of Meyer’s name and image on goods sold on its platform lay with the independent third-part artists uploading their designs onto that platform. Contrary to the district court’s favorable view of that argument, however, the Sixth Circuit held that “the text of Ohio’s right-of-publicity statute prohibits using a persona in connection with a product, advertising a product, or soliciting the purchase of a product.” *Id.* at 450. “That broad language,” the court held, “expands liability beyond directly selling trademark-infringing goods.” *Id.* Moreover, it drew the following conclusions from the summary judgment record:

Redbubble operates its online marketplace; at a minimum, such operation advertises the products made by vendors and directs consumers to purchase those products. And Redbubble admits that it markets those products to consumers. Even granting Redbubble’s position that it passively gives independent third parties a platform to sell goods and then connects them to manufacturers and shippers, its website still markets the offending goods, brings those novel trademark-infringing products into being, and then sells those products.

Id. The district court therefore had inappropriately entered summary judgment in Redbubble’s favor, even if, as the court also held, the record did not establish beyond a material dispute the University’s entitlement to prevail as a matter of law. *Id.* at 451-52.

- B. A New York appellate panel proved similarly receptive—at least in part—to persona-based claims brought against a bank that allegedly had used an image of the plaintiff appearing in works of art such as the following to promote its services:



See Darden v. OneUnited Bank, 128 N.Y.S.3d 640 (App. Div. 2020). The plaintiff asserted statutory causes of action under New York Civil Rights Law §§ 50 and 51, as well as under the common law, all of which of which the bank unsuccessfully moved to dismiss. On the bank’s appeal, the court held the trial court had erred in failing to dismiss the plaintiff’s common-law cause of action, which New York law did not recognize. Nevertheless, it rejected the Bank’s apparent argument that the artistic nature of it use rendered it nonactionable under Sections 50 and 51. As the court explained:

[W]hether or not the subject image constituted a work of art, the first and second causes of action state cognizable causes of action under Civil Rights Law §§ 50 and 51 as they allege, inter alia, that the defendant used the plaintiff’s portrait, image, and likeness . . . in an advertising campaign, which included promotional merchandise to promote the defendant’s financial services and products.

Darden, 128 N.Y.S.3d at 1006.

- C. In contrast, the Second Circuit turned out to be unsympathetic to a group of sympathetic plaintiffs, namely, a group of models who claimed the defendants had used unauthorized photographs to promote the defendants’ strip club, at least as far as the plaintiffs’ claims of false endorsement under Section 43(a) were concerned. *See Electra v. 59 Murray Enters.*, 987 F.3d 233 (2d Cir. 2021). “To succeed on a false endorsement claim under the Lanham Act,” the court held, “a plaintiff must prove

(1) that the mark . . . is distinctive as to the source of the good or service at issue, and (2) that there is the likelihood of confusion between the plaintiff's good or service and that of the defendant." *Id.* at 257 (alteration in original) (quoting *ITC Ltd. v. Punchgini, Inc.*, 482 F.3d 135, 154 (2d Cir. 2007)). Although likely confusion ordinarily might turn on an application of the full set of *Polaroid* factors, the court explained that "[a]s is relevant here, these factors include, inter alia, the strength of the mark, evidence of actual consumer confusion, and evidence that the mark was adopted in bad faith." *Id.* at 257. It then determined that the district court had not erred in granting the defendants' motion for summary judgment under the truncated list of factors:

The district court properly analyzed the record of each [Plaintiff's] public prominence to determine the strength of their marks, because among other reasons, the advertisements at issue provided no information identifying Appellants other than their pictures. . . . [B]ecause the ultimate question . . . is the likelihood of consumer confusion, the district court properly analyzed [Plaintiffs'] recognizability.

. . . [W]e agree that [Plaintiffs] failed to establish any actual consumer confusion or bad faith. [Plaintiffs] point to no evidence of actual consumer confusion. And while [Plaintiffs] urge this Court to conclude that Appellees acted in bad faith, the record merely shows that [Defendants] failed to investigate whether the third-party contractor responsible for the advertisements secured legal rights to use [Plaintiffs'] pictures in the promotional images—not that [Defendants] intended to use the pictures without legal right to do so.

Id. at 258.

V. DEFENSES

A. Legal Defenses

1. Abandonment

Trademark law contemplates two scenarios in which a mark owner can lose the rights to its mark through abandonment: (1) a discontinuance of use coupled with an intent not to resume use; and (2) conduct by the mark owner that causes the mark to lose its significance as an indicator of source, *e.g.*, the grant of so-called "naked licenses," under which the mark owner does not control the nature and quality of the goods and services provided under the licensed mark.

a. Abandonment Through Nonuse

- i. An Eleventh Circuit opinion rejecting a claim of abandonment referred to the "stringent, heavy burden" of a defendant asserting that affirmative defense. *See Savannah Coll. of Art*

& Design, Inc. v. Sportswear, Inc., 983 F.3d 1273, 1287 (11th Cir. 2020). The plaintiff’s showing that the mark in question remained in use led to its victory as a matter of law on the issue. *Id.*

- ii. A similar analysis led to a different result from the Fifth Circuit, which vacated the grant of a defense motion for summary judgment in a case in which the plaintiff’s sales of a condiment under his claimed METCHUP mark were rather modest. *See Perry v. H. J. Heinz Co. Brands, L.L.C.*, 994 F.3d 466 (5th Cir. 2021). “Though he had big plans for Metchup,” the court noted, “sales have been slow. Since 2010, [the plaintiff] has produced only 50 to 60 bottles of Metchup, which resulted in sales of around \$170 and profits of around \$50,” *id.* at 468; moreover, “[the plaintiff] sells Metchup exclusively from the lobby of a nine-room motel adjacent to his used-car dealership in Lacombe, Louisiana.” *Id.* Perhaps influenced by the plaintiff’s track record of “‘dabbl[ing] in’ the buying and selling of domain names” for profit, *id.* at 649, the district court found no material dispute that the plaintiff had abandoned his rights, especially because, based on its review of the record, the plaintiff had failed to demonstrate sales to non-Louisiana residents. Despite affirming the district court’s concomitant holding that confusion between the parties’ marks was unlikely, the Fifth Circuit took a more sympathetic view of the plaintiff’s rights in the first instance.
 - (A) With respect to the geographic scope of the plaintiff’s sales, it held that “[the district court’s] conclusion that [the plaintiff] never used his mark in commerce because he cannot prove sales outside of Louisiana conflicts with recent Commerce Clause jurisprudence and misplaces the burden of proof.” *Id.* at 474. To begin with, “[b]ecause one need not direct goods across state lines for Congress to regulate the activity under the Commerce Clause, there is likewise no such per se condition for satisfying the Lanham Act’s ‘use in commerce’ requirement.” *Id.* (quoting *Christian Faith Fellowship Church v. adidas AG*, 841 F.3d 986, 995 (Fed. Cir. 2016)).
 - (B) “But what may be most concerning,” the court continued, “is that the district court misplaced the burden of proof.” *Id.* Specifically, “[the plaintiff] testified that he sold Metchup to motel guests who come from ‘all over the place.’ [The defendant] has the burden

to prove otherwise by presenting strict proof, and it has [not] put forth evidence that discredits [the plaintiff's] testimony” *Id.* Because [a]bandonment generally requires a complete discontinuance of the trademark’s use and even minor or sporadic good faith uses of a mark will defeat the defense of abandonment,” *id.* at 475, a factual dispute existed as to whether a break in the plaintiff’s use of its mark had occurred in the first place, even if the plaintiff’s showing created a corresponding dispute as to whether [the plaintiff’s] use of the Metchup mark was bona fide use or whether he was simply making sporadic use of the mark to maintain his trademark rights.” *Id.*

- iii. A precedential opinion from the Board in a cancellation action confirmed that a party alleging abandonment must do more than prove nonuse of the mark in question; instead, it also must demonstrate an absence of an intent to resume the mark’s use. *See Peterson v. Awshucks SC, LLC*, 2020 U.S.P.Q.2d 11526 (T.T.A.B. 2020). The registered mark at issue was A.W. SHUCK’S for restaurant services, and there was no material dispute that the restaurant associated with the mark discontinued operations in January 2016 and did not reopen for at least three years, at which point its signage and menus read AW SHUCKS. Although the period of non-use constituted prima facie evidence of abandonment, the respondent rebutted that evidence with a variety of showings of its intent to resume, which included: (1) its attempt to find a new location; (2) its “plans, designs, and construction at a proposed new location”; (3) its “preparation of [a] proposed new logo and menu designs”; and (4) its actual resumption of the mark’s use. *Id.* at *16-17. The new mark may have lacked the punctuation of its predecessor, but the Board found that “the omission of periods in this case does not result in a material alteration to the mark because ‘AW Shuck’s[.]’ and ‘A.W. Shuck’s’ have the same continuing commercial impression.” *Id.* at *16.

b. Abandonment Through Naked Licensing

- i. The Federal Circuit made the self-evident point that a licensee complaining that its licensor enforced the terms of a license too strictly is in a uniquely poor position to claim the license is a naked one. *See Authentic Apparel Grp. v. United States*, No. 2020-1412, 2021 WL 821405, at *5 (Fed. Cir. Mar. 4, 2021).

- ii. Similarly, a California federal district court rejected a claim of a naked license in a dispute arising in the wine industry. *See Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, No. 4:19-CV-01424-YGR, 2021 WL 254448 (N.D. Cal. Jan. 26, 2021). Although the parties did not write ten quality-control guidelines in place, the court found their informal interactions, which included the licensor’s regular receipt of “reports with hyperlinks showing the wine ratings of wine critics for wines using the [licensed] trademarks.” *Id.* at *12. The court observed that:

Had a formal program been implemented, this issue would never have been raised, but to claim abandonment strains credulity. There is no need to overregulate quality where no evidence exists that quality is in peril. The process of producing luxury wines is organic, artistic and extends over many years. The day-to-day informal monitoring of these wines evidences control. [A representative of the plaintiff] admitted that at least once, he had to discuss concerns with a sublicensee over which he would have terminated the license due to quality issues. The law does not demand documentation, although documentation often resolves issues without the need of litigation.

Id. at *13 (footnote omitted).

2. Descriptive Fair Use

- a. On its face, the affirmative defense of descriptive fair use codified in Section 33(b)(4), 15 U.S.C. § 1115(b)(4) (2018), requires a defendant invoking it to prove, *inter alia*, that its use is “otherwise than as a mark” of “a term or device which is descriptive of and used fairly and in good faith only to describe the goods or services of such party, or their geographic origin.” In *Tiffany & Co. v. Costco Wholesale Corp.*, 971 F.3d 74 (2d Cir. 2020), the Second Circuit entertained an appeal from a finding as a matter of law on Tiffany’s motion for summary judgment that the following uses of the word “Tiffany” by Costco, a discount retailer of jewelry, did not qualify for the defense:



In contrast to the district court, the court of appeals found a factual dispute with respect to each of the three prerequisites of the defense.

- i. The court began its analysis by faulting the district court's finding as a matter of law that Costco had used the TIF-FANY mark *as* a mark, rather than a merely descriptive reference to the way diamonds were mounted on its rings. For one thing, it noted, "Costco produced hundreds of examples of signs for its engagement rings, *none* of which began with the word 'Tiffany' or any other brand name." *Id.* at 93. For another, "Costco's evidence demonstrates that it displayed the word "Tiffany" in the exact same manner (including typeface, size, color, and relative location on the signs) that

it displayed setting information for other engagement rings.” *Id.* Finally, “Costco also proffered evidence that the word ‘Tiffany’ did not appear on any of its rings or ring packaging, and that the rings actually bore the logo of a *different* manufacturer.” *Id.*

- ii. Moving to the second prerequisite of the defense, the court arguably expanded the statutory “descriptive of” language by holding that:

Whether a phrase is descriptive refers to its tendency to describe the goods in question in a broad sense, including not only “words that describe a characteristic of the goods[] such as size or quality,” but also words or images that more abstractly identify some information about the goods in question.

Id. at 93 (quoting *Cosmetically Sealed Indus. v. Chesebrough-Pond’s USA Co.*, 125 F.3d 28, 30 (2d Cir. 1997)). In doing so, the court held that “‘Tiffany’ has a descriptive meaning independent of Tiffany’s brand” and in particular that a reasonable jury could find the challenged uses described the “Tiffany-style” mounting of the diamonds on them. *Id.* As it explained, “the simple fact that a defendant has trademarked a term for use in a particular industry does not preclude a jury’s finding that the term has some descriptive use within the same industry.” *Id.* at 94.

- iii. The court’s holding with respect to the defense’s third prerequisite was to similar effect, namely, that a reasonable jury could find that Costco had acted with the required good faith, despite its prior knowledge of Tiffany’s rights. According to the court, “where the allegedly infringing mark is identical to the registered mark, and its use began subsequent to the plaintiff’s trade-mark registration, the defendant must carry the burden of explanation and persuasion.” *Id.* at 88 (quoting *Kiki Undies Corp. v. Promenade Hosiery Mills, Inc.*, 411 F.2d 1097, 1101 (2d Cir. 1969)). Nevertheless, “the intent to compete by imitating the successful features of another’s product is vastly different from the intent to deceive purchasers as to the source of [one’s own] product.” *Id.* (alterations in original) (quoting *Nora Beverages, Inc. v. Perrier Grp. of Am., Inc.*, 269 F.3d 114, 123 (2d Cir. 2001)). Finally, the court held, “the district court overlooked substantial evidence that Costco did *not* attempt to sow confusion among its customers,” including declaration testimony that “Costco

inventory control personnel took the term ‘Tiffany’ directly from vendor descriptions, that the representatives understood Tiffany as a ‘generic style name,’ and that indeed it was ‘the only name . . . used to denote [that] type of pronged setting.’” *Id.* at 89 (alterations in original).

- b. A Pennsylvania federal district court similarly rejected a claim—this one by the defendant—that the assertion of a descriptive fair use defense could be resolved as a matter of law. *See Lontex Corp. v. Nike, Inc.*, No. CV 18-5623, 2021 WL 724971 (E.D. Pa. Feb. 24, 2021). The challenged use was of the words “cool compression” in connection with sportswear, and the court found disputes of fact with respect to whether that use was in the nature of a trademark one for not. *Id.* at 14.

3. Nominative Fair Use

- a. In a case brought by the noted musician and producer Alan Parsons of the Alan Parsons Project, the Eleventh Circuit noted that it never had recognized the nominative fair use doctrine in a case in which a concert promoter claimed the doctrine’s protection. *See Parsons v. Regna*, 847 F. App’x 766, 773 (11th Cir. 2021). Nevertheless, it concluded that, even under the doctrine, the promoter had been properly enjoined from advertising concerts by session musicians once affiliated with (but never members of) the Alan Parsons Project under, *inter alia*, the names “The Original Alan Parsons Band The Project – The Men Who Made The Records” and “The Project Band.” According to the court, the promoter had failed to demonstrate that he had done nothing to suggest sponsorship or endorsement by Parsons. *Id.* at 774.
- b. A New Jersey federal district court rejected a claim of nominative fair use in the context of a preliminary injunction motion. *See Juul Labs, Inc. v. 4X PODS*, No. CV1815444KMMAH, 2020 WL 7586956 (D.N.J. Dec. 22, 2020). The plaintiff’s mark was JUUL for e-cigarettes, which the defendants referenced in social media postings using the hashtags #juul, #juulcentral, #juulgang, and #juulpods to promote pods produced by the defendants that allegedly were compatible with the plaintiff’s goods. After finding the defendants’ uses likely to cause confusion, the court held the defendants ineligible to assert nominative fair use under the Third Circuit’s tripartite test for that affirmative defense. *See Century 21 Real Estate Corp. v. Lendingtree, Inc.*, 425 F.3d 211, 214 (3d Cir. 2005). Specifically, it found that: (1) the defendants’ use of the plaintiff’s mark in their hashtags did not further “a simple compatibility assurance” and therefore were not necessary to identify the plaintiff, *Juul Labs*, 2020 WL 7586956, at *11; (2) “the posts use many Juul hashtags

and in greater numbers than other hashtags,” which led the court to conclude that “[g]iven how many Juul-related hashtags were used and in how many posts, [the defendants] stretched [their] usage of the Juul wordmark beyond nominative fair use, *id.*; and (3) the defendants’ uses did not accurately portray the relationship between the parties because “[i]f anything, a viewer is likely left confused about the contours of [the plaintiff’s] and [the defendants’] relationship [and] because the posts indiscriminately blend the Juul wordmark with the [defendants’] brand.” *Id.* at *12.

B. Equitable Defenses

1. Laches

- a. Courts applied tests for the affirmative defense of laches over the past year that differed in form, although not in substance.
 - i. For example, some courts, as well as the Trademark Trial and Appeal Board adopted a two-part definition requiring showings of: (1) a lack of diligence on the plaintiff’s part; and (2) prejudice to the defendant. *See, e.g., Am. Addiction Centers, Inc. v. Nat’l Ass’n of Addiction Treatment Providers*, No. 3:19-CV-00376, 2021 WL 243218, at *6 (M.D. Tenn. Jan. 25, 2021); *Brooklyn Brewery Corp. v. Brooklyn Brew Shop, LLC*, 2020 U.S.P.Q.2d 10914, at *8 (T.T.A.B. 2020).
 - ii. Others, however, adopted a three-part test: “[T]he district court should consider . . . (1) whether [the plaintiff] knew of [the defendant’s] adverse use of the [accused] mark, (2) whether [the plaintiff’s] delay in challenging that use was inexcusable or unreasonable, and (3) whether [the defendant] has been unduly prejudiced by [the plaintiff’s] delay.” *Bel-mora LLC v. Bayer Consumer Care AG*, 987 F.3d 284, 295 (4th Cir. 2021); *accord Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, No. CV 11-5052-JLV, 2021 WL 1176242, at *24 (D.S.D. Mar. 29, 2021); *Beyond 79, LLC v. Express Gold Cash, Inc.*, No. 6:19-CV-06181 EAW, 2020 WL 7352545, at *10 (W.D.N.Y. Dec. 15, 2020).
- b. As always, federal courts entertaining claims of laches by defendants referred to statutes of limitations for corresponding state-law torts as benchmarks for determining whether plaintiffs had delayed too long in bringing suit: If they did for longer than the applicable statute of limitations, their claims were presumptively barred by laches; otherwise, the contrary was true. *See, e.g., Ready Cap. Corp. v. Ready Cap. Corp.*, No. 19-13536, 2021 WL 1564470, at *12 (E.D. Mich. Apr. 20, 2021) (referencing three-year statute of limitations

under Michigan law); *Beyond 79, LLC v. Express Gold Cash, Inc.*, No. 6:19-CV-06181 EAW, 2020 WL 7352545, at *10 (W.D.N.Y. Dec. 15, 2020) (referencing six-year statute of limitations under New York law).

- c. The Trademark Trial and Appeal Board confirmed that “[g]enerally, laches is not available as a defense in an opposition proceeding because the clock for laches begins to run from the date the application is published for opposition. Laches may be available, however, if the applicant owns a prior registration for substantially the same mark and goods.” *Brooklyn Brewery Corp. v. Brooklyn Brew Shop, LLC*, 2020 U.S.P.Q.2d 10914, at *8 (T.T.A.B. 2020).

2. Acquiescence

- a. For the most part, tribunals entertaining the affirmative defense of acquiescence held that “[a]cquiescence requires proof of three elements, namely that: (1) plaintiff actively represented that it would not assert a right or a claim; (2) the delay between the active representation and assertion of the right or claim was not excusable; and (3) the delay caused defendant undue prejudice.” *Brooklyn Brewery Corp. v. Brooklyn Brew Shop, LLC*, 2020 U.S.P.Q.2d 10914, at *12 (T.T.A.B. 2020); *accord BJB Ltd. v. iStar Jewelry LLC*, No. 119CV3748ENVRER, 2021 WL 1431345, at *8 (E.D.N.Y. Apr. 9, 2021).
- b. One court recognized an acquiescence defense as a matter of law in a case in which the plaintiff purchased goods bearing allegedly infringing marks from the defendants and resold them in the plaintiff’s own store. *See Sturgis Motorcycle Rally, Inc. v. Rushmore Photo & Gifts, Inc.*, No. CV 11-5052-JLV, 2021 WL 1176242, at *24 (D.S.D. Mar. 29, 2021), *appeal docketed*, No. 21-1973 (8th Cir. Apr. 30, 2021). That action, the court found, constituted the required active representation of consent. *Id.* at *24. Beyond that, the plaintiff’s failure to take action against the defendants for over a decade satisfied the second prerequisite for a finding of laches, namely, an unreasonable delay. *Id.* at *24-25. Finally, the defendants’ evidence and testimony established that, had the plaintiff acted with greater diligence to protect its perceived trademark rights, the defendants’ investment in their use of the disputed marks “would not have occurred to the extent it did.” *Id.* at *25. The defendants therefore were entitled to summary judgment on their acquiescence defense.

3. Unclean Hands

- a. In an unpublished opinion arising from allegations of false advertising, the Ninth Circuit held that “[u]nclean hands ‘bars relief to a

plaintiff who has violated conscience, good faith or other equitable principles in his prior conduct.’ It “requires balancing the alleged wrongdoing of the plaintiff against that of the defendant.” *Certified Nutraceuticals, Inc. v. Avicenna Nutraceutical, LLC*, 821 F. App’x 701, 703 (9th Cir. 2020) (quoting first *Dollar Sys., Inc. v. Avcar Leasing Sys., Inc.*, 890 F.2d 165, 173 (9th Cir. 1989), and then *Northbay Wellness Grp. v. Beyries*, 789 F.3d 956, 960 (9th Cir. 2015)). The court then affirmed the district court’s recognition of the defense based on misrepresentations by the plaintiff about its own product that were comparable to those of the defendant. *Id.* at 703.

- b. A California federal district adopted a more conventional definition of unclean hands, holding that “[t]o prevail on an unclean hands defense, the party ‘must demonstrate that the [opposing party’s] conduct is inequitable and that the conduct relates to the subject matter of its claims.’” *Vineyard House, LLC v. Constellation Brands U.S. Operations, Inc.*, No. 4:19-CV-01424-YGR, 2021 WL 254448, at *11 (N.D. Cal. Jan. 26, 2021) (quoting *Fuddruckers, Inc. v. Doc’s B.R. Others, Inc.*, 826 F.2d 837, 847 (9th Cir. 1987)). It did so in the context of an action to protect the TO KALON mark for wine. Seeking to avoid the consequences of a finding of infringement following a bench trial, the counterclaim defendant argued that the counterclaim plaintiff’s mark originated in the name of a defunct winery situated on two parcels of land. According to the counterclaim defendant, the counterclaim plaintiff’s failure to source its grapes entirely from those parcels rendered the use of its mark a misrepresentation of source of the counterclaim plaintiff’s wine. The court found otherwise:

[The counterclaim plaintiff] not only has an incontestable mark which it can use accordingly, but, the manner in which it has used the mark does not misrepresent the origin, nature, characteristics, qualities or geographic origins of the wine on the labels. All of the wines at issue originate from either the [two parcels of the original winery] or those areas contiguous thereto which have the same alluvial geographic structure and the same microclimate which contribute to the flavor of the grapes. There is no misrepresentation. Nor is there a requirement, given the incontestable mark, that [the counterclaim plaintiff] only use the mark on the wines originating from those two parcels.

Id. at *11.

- c. Likewise, an Arizona federal district court rejected two bases of an unclean hands defense following a bench trial. *See Jason Scott Collection Inc. v. Trendily Furniture LLC*, No. CV-17-02712-PHX-JJT, 2021 WL 871666 (D. Ariz. Mar. 9, 2021). One was the mere fact that the plaintiff had asserted rights to its unregistered trade dress, which the court rejected because “[t]here was nothing improper about Plaintiff bringing an action to enforce its . . . trade dress rights, even if . . . unregistered.” *Id.* at *6. A second was the plaintiff’s alleged unethical behavior in going to the defendant’s facility incognito and recording a conversation there: “Even if these acts constituted unclean hands,” the court held, “they are not the kind of acts contemplated under the doctrine because they were not acts in the acquisition of the right[s] Plaintiff presently asserts.” *Id.*

VI. REMEDIES

A. Injunctive Relief

1. Prerequisites for Injunctive Relief

- a. Although courts recently have been split on the issue of whether a showing of actual or likely success in an unfair competition entitles the plaintiff to a presumption of irreparable harm, the Trademark Modernization Act apparently has resolved that issue by amending Section 34(a) of the Lanham Act, 15 U.S.C. § 1116(a) (Supp. III 2021), expressly to recognize such a presumption. *See* Pub. L. No. 116-260, § 226(a)-(b) (2020).
 - i. For the most part, courts seemed oblivious to congressional recognition of the presumption. *See Glenn H. Curtiss Museum of Loc. Hist. v. Confederate Motors, Inc.*, No. 20-CV-6237 (CJS), 2021 WL 514229, at *8 (W.D.N.Y. Feb. 11, 2021) (“[C]ourts may no longer simply presume irreparable harm [upon a showing of likelihood of success on the merits]; rather, plaintiffs must demonstrate that, on the facts of the case, the failure to issue an injunction would actually cause irreparable harm.” (alteration in original) (quoting *WPIX, Inc. v. ivi, Inc.*, 691 F.3d 275, 285 (2d Cir. 2012)).
 - ii. A few, however, properly applied the new rule. *See, e.g., Suzie’s Brewery Co. v. Anheuser-Busch Cos.*, No. 3:21-CV-178-SI, 2021 WL 472915, at *12 (D. Or. Feb. 9, 2021) (“Plaintiff is entitled to the benefit of the rebuttable presumption provided in [the revised Section 34(a)].”); *ReBath LLC v. Foothills Serv. Sols. Co.*, No. CV-21-00870-PHX-DWL, 2021 WL 2352426, at *11 (D. Ariz. June 9, 2021) (“[T]he recently enacted Trademark Modernization Act of

2020 ('TMA') amended 15 U.S.C. § 1116(a) to provide a plaintiff seeking an injunction 'a rebuttable presumption of irreparable harm upon a finding of a violation.'" (quoting Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, § 226, 134 Stat. 1182 (2020)).

- b. When weighing the parties' respective interests in securing or receiving injunctive relief, most courts held that the balance of the hardships favored plaintiffs. *See, e.g., Daimler AG v. A-Z Wheels LLC*, No. 16-CV-875-JLS (MDD), 2020 WL 6395592, at *8 (S.D. Cal. Nov. 2, 2020) Plaintiff asserts that it suffers a 'demonstrable threat of loss of goodwill and ability to control its reputation' because of Defendants' continuing sales of infringing counterfeit products. The Court has found that this is an irreparable injury. Comparatively, a permanent injunction will not harm Defendants, as injunctive relief will only require Defendants to comply with the law and refrain from their continuing infringing activity."); *Automobili Lamborghini S.p.A. v. Garcia*, 467 F. Supp. 3d 385, 405 (E.D. Va.) ("[The defendant] would not face hardship from a permanent injunction because the permanent injunction would only require that [the defendant] follow clearly established trademark law and stop his infringing activity."), *appeal dismissed*, 823 F. App'x 174 (4th Cir. 2020), *reh'g denied* (Oct. 27, 2020)); *3M Co. v. Performance Supply, LLC*, 458 F. Supp. 3d 181, 197 (S.D.N.Y. 2020) ("It would not be a 'hardship' for Defendant to refrain from engaging in unlawful activities related to [the plaintiff's] brand (which constitute, *inter alia*, trademark infringement, false association, and price-gouging).").
- c. Likewise, courts also generally held that the public interest favored the entry of injunctive relief in cases in which plaintiffs successfully demonstrate liability for infringement or unfair competition. *See, e.g., Newborn Bros. v. Albion Eng'g Co.*, 481 F. Supp. 3d 312, 361 (D.N.J. 2020) ("[T]he public interest weighs in favor of granting a permanent injunction [against the defendant's false advertising]. Allowing the public to access updated, accurate, and nuanced information about . . . [the defendant's] products will allow consumers to make better decisions that accurately reflect their preferences."); *Alston v. www.calculator.com*, 476 F. Supp. 3d 1295, 1322 (S.D. Fla. 2020) ("[P]ublic policy considerations mandate the requested relief. In a trademark or service mark infringement case, a third party, the consuming public, is present and its interests are paramount." (quoting *Campero USA Corp. v. PCNY, LLC*, No. 11-21094-CIV, 2011 WL 13319576, at *8 (S.D. Fla. Sept. 8, 2011)); *Holbrook Mfg LLC v. Rhyno Mfg. Inc.*, No. 20-CV-05940, 2020 WL 6343083, at *9 (N.D. Ill. Oct. 29, 2020) ("The public interest would similarly be served because the injunction prevents consumer confusion in the marketplace.").

2. Terms of Injunctive Relief

- a. After a jury found a landlord contributorily liable in light of the landlord's failure to police counterfeiting at a particular building it owned, a district court issued a permanent injunction that applied to other properties owned by the landlord. *See Omega SA v. 375 Canal, LLC*, 984 F.3d 244 (2d Cir. 2021). Although challenging the geographic scope of the injunction, the landlord disputed neither that a risk of counterfeiting existed at the other locations nor the existence of a demand for goods bearing counterfeiting imitations of the plaintiff's mark in particular. The landlord's objections to the injunction's terms therefore were unavailing:

It is not as if the senior user must prove a new claim of infringement for each geographic area in which it seeks injunctive relief. Once the senior user has proven entitlement to an injunction, the scope of the injunction should be governed by a variety of equitable factors—the principal concern ordinarily being providing the injured senior user with reasonable protection from the junior user's infringement.

Id. at 259 (quoting *Guthrie Healthcare Sys. v. ContextMedia, Inc.*, 826 F.3d 27, 46 (2d Cir. 2016)).

- b. Although preliminary injunctions freezing defendants' assets are relatively rare, one federal district court entered just an order. *See Juul Labs, Inc. v. 4X PODS*, No. CV1815444KMMAH, 2020 WL 7586956 (D.N.J. Dec. 22, 2020). It did so in an action in which the plaintiff successfully demonstrated: (1) there was a nexus between the plaintiff's claim of infringement and the assets to be frozen, *id.* at *12-14; and (2) there was a need for a freeze because communications between the defendants demonstrated "a clearly expressed intent to move or conceal assets, if and when a judgment is imminent or entered," *id.* at *15.
- c. A different bid for an aggressive preliminary injunction succeeded only in part. *See Daimler AG v. A-Z Wheels LLC*, No. 16-CV-875-JLS (MDD), 2020 WL 6395592 (S.D. Cal. Nov. 2, 2020). The term at issue would have required the defendants to destroy all goods bearing counterfeit imitations of the plaintiff's marks. The otherwise granted the plaintiff's motion, but it concluded that the injunction's other terms and the defendants' possible good faith rendered a destruction order "unnecessary to prevent future infringement." *Id.* at *9.

- d. In contrast, another court did enter an order of destruction, albeit in the context of a permanent injunction. *See Deltona Transformer Corp. v. Odes Indus.*, No. 620CV527ORL40GJK, 2020 WL 6829200, at *7 (M.D. Fla. Oct. 1, 2020), *report and recommendation adopted*, No. 620CV527ORL40GJK, 2020 WL 6828948 (M.D. Fla. Oct. 22, 2020).

B. Monetary Relief

1. Actual Damages

- a. Like the district court before it had, the Second Circuit took a dim view of an expert witness report purporting to establish the fair market value of images of professional models who had sued a group of defendants over the images' unauthorized use to promote the defendants' strip club. *See Electra v. 59 Murray Enters.*, 987 F.3d 233, 254 (2d Cir. 2021). The plaintiffs commissioned the report to support their claim of actual damages, but the report failed to make it into evidence, and the appellate court held that its exclusion did not constitute reversible error. As the court noted, the models' earnings histories upon which the report relied was "derived in part from contractual agreements that paid [the plaintiffs] for substantially more than what [the plaintiffs] seek compensation for here—namely, the fair market value of a single photoshoot." *Id.* at 254. The result was that "[t]his methodology resulted in calculations of damages amounts far greater than the actual amount [the plaintiffs] received for the photographs in the first instance." *Id.* at 255. "Because the . . . Report therefore systematically overestimated the fair market value of the photographs at issue," the court concluded, "we find no abuse of discretion in the district court's decision to strike it." *Id.*
- b. A jury trial limited to the monetary relief to which a prevailing plaintiff was entitled produced a \$95 million verdict comprising both an award of the plaintiff's actual damages and an accounting of the defendant's profits; it then produced an appeal to the Fourth Circuit. *See Variety Stores, Inc. v. Walmart Inc.*, No. 19-1601, 2021 WL 1171746 (4th Cir. Mar. 29, 2021). "Though hesitant to overturn the hard work of a jury," the appellate court held, "the law obliges us to do so here." *Id.* at *12. The reason underlying that disposition was the district court's failure to instruct the jury on the meaning of "willfulness" in the liability inquiry, which the court concluded left the jury's deliberations on the issue of monetary relief impermissibly "unmoored." *Id.* at *10.

2. Statutory Damages

- a. One court identified the following factors governing the calculation of statutory damages:

(1) the expenses saved and profits reaped; (2) the revenue lost by the plaintiff; (3) the value of the copyright; (4) the deterrent effect on others besides the defendant; (5) whether the defendant's conduct was innocent or willful; (6) whether a defendant cooperated in providing particular records from which to assess the value of the infringing material produced; and (7) the potential for discouraging the defendant.

Deltona Transformer Corp. v. Odes Indus., No. 620CV527ORL40GJK, 2020 WL 6829200, at *5 (M.D. Fla. Oct. 1, 2020) (quoting *Luxottica Grp. S.p.A. v. Casa Los Martinez Corp.*, No. 1:14-cv-22859, 2014 WL 4948632, at *4 (S.D. Fla. Oct. 2, 2014)), report and recommendation adopted, No. 620CV527ORL40GJK, 2020 WL 6828948 (M.D. Fla. Oct. 22, 2020); accord *Pearson Educ., Inc. v. Heliosbooks, Inc.*, No. 17-CV-203 (KMW)(KNF), 2020 WL 8920616, at *4 (S.D.N.Y. Dec. 8, 2020), report and recommendation adopted sub nom. *Pearson Educ., Inc. v. Divine*, No. 17-CV-203 (KMW), 2021 WL 1089413 (S.D.N.Y. Mar. 22, 2021).

- b. In applications of those or substantially identical standards, actual awards of statutory damages varied greatly. *See, e.g., Reflex Media, Inc. v. SuccessfulMatch.com*, No. 218CV00259GMNEJY, 2020 WL 8459143, at *12 (D. Nev. Dec. 29, 2020) (\$100,000 per violation), report and recommendation adopted, No. 218CV00259GMNEJY, 2021 WL 240816 (D. Nev. Jan. 22, 2021); *Golden Goose S.P.A. v. Adashoe001*, No. 20-CV-2122 (PKC), 2020 WL 5569583, at *3 (S.D.N.Y. Sept. 16, 2020) (\$75,000 per defendant); *RV Skincare Brands LLC v. Digby Invs. Ltd.*, No. 18-CV-8411 (VEC), 2020 WL 4432097, at *2 (S.D.N.Y. July 31, 2020) (\$25,000 per violation)

3. Accountings of Profits

- a. Although Second Circuit courts traditionally required a showing of willful misconduct as a prerequisite for the equitable remedy of an accounting of profits, *Romag Fasteners, Inc. v. Fossil, Inc.*, 140 S. Ct. 1492 (2020), abrogated that rule. In reliance on *Romag Fasteners*, one New York federal district court denied a defense motion for summary judgment grounded in the theory that the Supreme Court's opinion did not extend to cases in which the disgorgement of profits was sought only for the purpose of deterrence. *See RVC Floor Decor*,

Ltd. v. Floor & Decor Outlets of Am., Inc., No. 218CV6449DRHARL, 2021 WL 1163117, at *16 (E.D.N.Y. Mar. 18, 2021).

- b. One court confirmed that, even after *Romag Fasteners*, an accounting of a losing defendant's profits is not an automatic remedy and that factual disputes therefore can mandate the denial of a plaintiff's request for an accounting. *See Am. Dairy Queen Corp. v. W.B. Mason Co.*, No. 18-CV-693 (SRN/ECW), 2021 WL 2382313, at *14 (D. Minn. June 10, 2021) ("The Court reserves for trial any disgorgement determinations related to Plaintiff's trademark infringement claim. The resolution of these issues will be best informed by a fully developed trial record on the claim.").
- c. Consistent with the express text of Section 35(a) of the Lanham Act, which provides that "[i]n assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed," 15 U.S.C. § 1127(a), a Minnesota federal district court confirmed that the burden of apportioning a defendant's revenues between lawful and unlawful sources rests with the defendant: "In other words, the plaintiff does not need to show which of the defendant's profits were attributable to the false advertising; on the contrary, 'the defendant bears the burden of showing . . . any portion of sales that was not due to the allegedly false advertising.'" *Wing Enters. v. Tricam Indus.*, No. 17-CV-1769 (ECT/ECW), 2021 WL 63108, at *11 (D. Minn. Jan. 7, 2021) (quoting *Aviva Sports, Inc. v. Fingerhut Direct Mktg., Inc.*, 829 F. Supp. 2d 802, 819 (D. Minn. 2011)).

4. Attorneys' Fees

In *Octane Fitness, LLC v. Icon Health & Fitness, Inc.*, 572 U.S. 545 (2014), the Supreme Court adopted a flexible approach to the "exceptional case" standard for fee awards under Section 285 of the Patent Act. 35 U.S.C. § 285 (2018). Under that standard, a case can be "exceptional" if the court determines, under the totality of the circumstances, that it "stands out from others with respect to the substantive strength of a party's litigating position (considering both the governing law and the facts of the case) or the unreasonable manner in which the case was litigated." *Octane Fitness*, 572 U.S. at 554. Outside the context of the virtually automatic award of fees to prevailing plaintiffs in counterfeiting cases mandated by Section 35(b) of the Lanham Act, 15 U.S.C. § 1117(b) (2018), *Octane Fitness* played a significant role in interpretations of Section 35(a) of the Act, *id.* § 1117(a), which, like Section 285, codifies an "exceptional case" standard.

- a. Rather later than many other federal appellate courts, the Tenth Circuit adopted the *Octane Fitness* test for identifying exceptional

cases under Section 35(a) in an action in which a group of defendants had successfully an accusation that they had violated a permanent injunction previously entered against them. *See Derma Pen, LLC v. 4EverYoung Ltd.*, 999 F.3d 1240, 1246 (10th Cir. 2021). Nevertheless, the court did not distance itself from its past authority on the issue, which took into account (1) the lack of any foundation for the losing plaintiff’s position; (2) the plaintiff’s bad faith in initiating the case; (3) whether the plaintiff litigated its case in an unusually vexatious and oppressive manner; and (4) other relevant considerations. “At their core,” the court explained, its past authority and the *Octane Fitness* standard “are ‘twin sons of different mothers,’ and both provide guidance on whether a particular Lanham Act case merits an award of attorney’s fees.” *Id.* at 1246 footnote omitted (quoting Dan Fogelberg & Tim Weisberg, *Twin Sons of Different Mothers* (Epic Records 1978)). Then, reviewing the merits of the district court’s award of fees to the prevailing defendants, it concluded that the weakness of the plaintiffs’ claim of contempt and the plaintiffs’ misconduct in prosecuting it precluded the district court’s award of fees from being an abuse of discretion. *Id.* at 1246.

- b. Although the Seventh Circuit has adopted the *Octane Fitness* test in lieu of that court’s original highly restrictive abuse-of-process-based one, *see Nightingale Home Healthcare, Inc. v. Anodyne Therapy, LLC*, 626 F.3d 958, 963-64 (7th Cir. 2010), there remains no guarantee that prevailing defendants will recover their fees in that jurisdiction. For example, in the course of losing an attempt to enforce the rights to its putative HOTEL CHICAGO mark for hotel services, the plaintiff produced an internal e-mail predating the litigation by three years and reciting that “[a]s you know, because we cannot trademark the name Hotel Chicago, our best protection is to start using it to build name equity.” *LHO Chicago River, L.L.C. v. Rosemoor Suites, LLC*, 988 F.3d 962, 966 (7th Cir. 2021). Although the plaintiff’s bid for a preliminary injunction failed for want of secondary meaning, after which it voluntarily dismissed its case, those considerations did not mandate an award of fees.
- i. This was in part because a magistrate judge had recommended entry of the preliminary injunction before being reversed by the district court, of which the court of appeals remarked that “the mere fact that two experienced judges disagreed on the same motion is ‘significant evidence that the pleading was not frivolous or unreasonable.’” *Id.* at 967 (quoting *Indianapolis Colts v. Mayor & City Council of Baltimore*, 775 F.2d 177, 182 (7th Cir. 1985)). Beyond that, the defendant had filed two applications to register an identical mark, which the court considered evidence of the plaintiff’s

good-faith belief that the mark was valid, and the preliminary injunction record included evidence of seventeen instances of actual confusion among consumers, not counting additional ones the defendant acknowledged it had encountered. Especially because the plaintiff had adduced “evidence of significant, widespread marketing efforts, global promotion, and sales volume to demonstrate the mark had acquired secondary meaning,” *id.* at 967 (quoting *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 24 (2008)), and because “a party who fails to obtain preliminary injunctive relief may yet succeed on the merits because ‘[a] preliminary injunction is an extraordinary remedy,’” *id.*, “the district court acted within its discretion in . . . finding that [the plaintiff’s] litigating position was not so weak as to warrant fee shifting.” *Id.* at 969.

ii. The court was no more receptive to the defendant’s argument that abusive litigation practices by the plaintiff merited a fee award. It rejected the defendant’s reliance on the pre-litigation e-mail because of the district court’s finding that “the evidence of [the plaintiff’s] marketing budget and advertising efforts, plus the passage of time between the email and the filing of the complaint, showed that [the plaintiff] reasonably believed it had developed protectible trademark rights.” *Id.* Moreover, the district court had not abused its discretion in finding: (1) the plaintiff had had a reasonable belief that an individual named as a defendant (but later dropped) had been personally involved in the alleged infringement; (2) some of the plaintiff’s actions in discovery, although “certainly bad,” were not “egregious and reprehensible”; (3) the plaintiff had been within its rights to appeal the denial of its preliminary injunction motion; and (4) the plaintiff was not obligated to grant the defendant a covenant not to file another suit when dismissing the one at issue. *Id.* at 970. “[The defendant] disagrees with how the district court weighed the evidence,” the appellate court concluded, “but discretion to weigh the evidence within the bounds of reason is exactly what a totality-of-the-circumstances test entails.” *Id.* at 971.

c. A final issue associated with the calculation of attorneys’ fees is that of apportionment, or, in other words, the attribution of fees between causes of action on which the requesting party prevailed and those on which it did not. Having successfully demonstrated infringement of a composite mark, but not of that mark’s verbal component, one plaintiff averred an investment of \$68,237.25 in fees into the prosecution of those claims, along with another claim it had voluntarily

dismissed. *See All. for Good Gov't v. Coal. for Better Gov't*, No. 20-30233, 2021 WL 1996349 (5th Cir. May 19, 2021). Finding that the word and composite mark claims were intertwined and difficult to separate, the district court reduced the plaintiff's proffered number by ten percent and also deducted \$1,500 to account for the voluntarily dismissed cause of action. Affirming, the Fifth Circuit held that methodology was not an abuse of discretion. *Id.* at *5.

VII. CONSTITUTIONAL ISSUES

A. The First Amendment

1. As always, the test for liability first set forth in *Rogers v. Grimaldi*, 875 F.2d 994 (2d Cir. 1989), played a significant role in trademark-based challenges to the titles and content of creative works. Although applications of that test vary from court to court, the test generally requires plaintiffs to demonstrate that challenged imitations of the plaintiff's mark either have no artistic relevance to the underlying creative work or, if they do have any artistic relevance, they are explicitly misleading. *Id.* at 999. A plaintiff before a court that has adopted *Rogers* must also demonstrate that confusion is likely, whether as a standalone showing (as in the Ninth Circuit) or as part of the inquiry into whether the defendant's use is explicitly misleading (as in the Second Circuit). *Compare Gordon v. Drape Creative, Inc.*, 909 F.3d 257, 265 (9th Cir. 2018) ("If the plaintiff satisfies both elements, it still must prove that its trademark has been infringed by showing that the defendant's use of the mark is likely to cause confusion.") with *Twin Peaks Prods., Inc. v. Publ'ns Int'l, Ltd.*, 996 F.2d 1366, 1379 (2d Cir. 1993) ("This determination must be made, in the first instance, by application of the venerable *Polaroid* [likelihood-of-confusion] factors.").
- a. The Ninth Circuit's expansive view of *Rogers* was on full display in a case in which Dr. Seuss Enterprises challenged a book titled *Oh, The Places You'll Boldly Go!*, which consisted of a mash-up of the classic children's book *Oh, The Places You'll Go!* by the plaintiff's namesake and imagery and dialogue from the original *Star Trek* television series. *See Dr. Seuss Enters. v. ComicMix LLC*, 983 F.3d 443 (9th Cir. 2020), *cert. denied*, No. 20-1616, 2021 WL 2519166 (U.S. June 21, 2021). Although affirming a finding of copyright liability, the court held the defendants had not infringed the plaintiff's trademark rights in the title, style, and font of Dr. Seuss's original work. With respect to *Rogers*'s first prong, the court held that:

[A]ny artistic relevance "above zero" means the Lanham Act does not apply unless the use of the trademark is explicitly misleading. *Boldly* [the defendants' work] easily surpasses this low bar: as a mash-up of

Go! [the plaintiff's work] and *Star Trek*, the allegedly valid trademarks in the title, the typeface, and the style of *Go!* are relevant to achieving *Boldly*'s artistic purpose.

Id. at 642 (citations omitted). “Nor,” the court continued, “is the use of the claimed *Go!* trademarks “explicitly misleading,” which is a high bar that requires the use to be ‘an “explicit indication,” “overt claim,” or “explicit misstatement”’ about the source of the work.” *Id.* (quoting *Brown v. Elec. Arts, Inc.*, 724 F.3d 1235, 1245 (9th Cir. 2013)). Rather, “*Boldly* is not explicitly misleading as to its source, though it uses the Seussian font in the cover, the Seussian style of illustrations, and even a title that adds just one word—*Boldly*—to the famous title—*Oh, the Places You'll Go!*.” *Id.* Because the plaintiff's proffer of actual confusion in the form of survey results did not create a factual dispute on the issue, the defendants prevailed as a matter of law. *Id.* at 643.

2. In contrast, a Connecticut federal district court denied a *Rogers*-based motion to dismiss for failure to state a claim. *See Cousteau Soc'y, Inc. v. Cousteau*, 498 F. Supp. 3d 287 (D. Conn. 2020). It did so in a challenge brought by the successor in interest to the intellectual property of noted oceanic explorer Jacques-Yves Cousteau to a documentary produced and narrated by, as well as featuring Cousteau's estranged granddaughter. Although the granddaughter's motion convinced the court that her uses of the plaintiff's marks and Cousteau's image were artistically relevant to the documentary's subject matter, she fared less well under *Rogers*'s second prong, namely, whether the challenged uses were explicitly misleading. With respect to that prong, the court held:

[The plaintiff] alleges facts showing that throughout numerous materials, products, and advertisements, the defendants gratuitously use Jacques Yves-Cousteau's name, image, likeness, and trademarked red cap, and they also discuss his work and “retrace [his] mythic explorations.” Relevant here are the similarity in the missions of the defendants and Jacques-Yves Cousteau, the defendants' consistent use of Jacques-Yves Cousteau's name, image, and likeness, and the prevalence of the emphasis on the familial relationship between Jacques-Yves Cousteau and Celine Cousteau. . . . This case is not one where simply looking at an underlying work itself, and the context in which it appears, demonstrates how implausible it is that a viewer will be misled into believing that the plaintiff endorsed the defendant's work.

Id. at 310 (alteration in original) (citation omitted).

B. The Seventh Amendment

The Seventh Amendment provides that “[i]n Suits at common law, where the value in controversy shall exceed twenty dollars, the right of trial by jury shall be preserved, and no fact tried by a jury, shall be otherwise re-examined in any Court of the United States, than according to the rules of the common law.” U.S. CONST. amend. VII. Its scope has been a recurring subject of litigation in trademark and unfair competition in recent years.

1. One court hearing a counterfeiting action concluded that a request for statutory damages was properly the subject of a jury trial; it therefore declined the plaintiff’s request for an award in a summary judgment motion. See *Daimler AG v. A-Z Wheels LLC*, 498 F. Supp. 3d 1282, 1290 (S.D. Cal. 2020) (“Although requests for statutory damages at the statutory minimum have been decided on summary judgment, it seems other courts . . . have held that, where the plaintiff seeks more than the statutory minimum—and particularly where, as here, the plaintiff seeks significantly more—the quantum of statutory damages should be determined by the jury.”).
2. Another court held that a plaintiff’s request for nominal damages fell within the scope of the Seventh Amendment’s protection: As it explained, “[b]ecause an award of nominal damages could be for a sum in excess of the minimum \$20.00 threshold required by the Seventh Amendment, the Court finds that [the plaintiff’s] right to pursue a claim for nominal damages in this case triggers its right to a trial by jury.” *D.H. Pace Co. v. Aaron Overhead Door Atlanta LLC*, No. 1:17-CV-3430-MHC, 2021 WL 2819778, at *5 (N.D. Ga. May 24, 2021).
3. In contrast, other courts held that, in light of the equitable nature of the remedy of an accounting of a defendant’s profits, the Seventh Amendment does not extend to that remedy. See *Reviv IP LLC v. Revive Health & Wellness Stuart LLC*, No. 19-62923-CIV, 2021 WL 2312870, at *2 (S.D. Fla. June 7, 2021) (“Given that the Plaintiffs here have now clarified that they have completely withdrawn claims for actual damages . . . , the Defendants have no right to a jury trial under the Seventh Amendment on the remaining claims.”); *Red Carpet Studios v. Midwest Trading Grp.*, No. 1:12CV501, 2021 WL 1172218, at *3 (S.D. Ohio Mar. 29, 2021) (“[W]hen addressing the remedy of disgorgement of profits for trademark infringement cases, courts have repeatedly held that disgorgement of profits is an equitable remedy that provides no right to jury trial.”).

C. The Appointments Clause

The Appointments Clause of the United States Constitution, Art. II, § 2, cl. 2 of the United States Constitution, provides that:

[The President] shall nominate, and by and with the Advice and Consent of the Senate, shall appoint Ambassadors, other public Ministers and Consuls, Judges of the supreme Court, and all other Officers of the United States, whose Appointments are not herein otherwise provided for, and which shall be established by Law: but the Congress may by Law vest the Appointment of such inferior Officers, as they think proper, in the President alone, in the Courts of Law, or in the Heads of Departments.

The clause has become the unlikely subject of challenges in recent years to the constitutionality of the appointment of administrative law judges to the Trademark Trial and Appeal Board and the Patent Trial and Appeal Board.

1. In *Arthrex, Inc. v. Smith & Nephew, Inc.*, 941 F.3d 1320 (Fed. Cir. 2019), *affirmed in part and reversed in part*, 141 S. Ct. 1970 (2021), the Federal Circuit concluded that, because of the perceived lack of control by the Director of the U.S. Patent and Trademark Office over the administrative law judges of the Patent Trial and Appeal Board, they qualified as “Officers of the United States” and therefore were unconstitutionally appointed. *Id.* at 1335. To address that constitutional defect, the court invalidated the portion of the Patent Act preventing the Secretary of Commerce from removing APJs from service without cause. *Id.* at 1338-40. Having accepted the case for review, the Supreme Court agreed with the Federal Circuit that the unreviewable authority wielded enjoyed by the judges of the PTAB was incompatible with their appointment by the Secretary of Commerce to an inferior office; nevertheless, it held that the proper remedy was to allow dissatisfied patentees before the PTAB to seek discretionary reviews from a Director of the USPTO who has been confirmed by the Senate. *Id.* at 1987-88. In doing so, it noted with apparent approval certain amendments worked by the Trademark Trial and Review Board, which it viewed as confirming that “review by the Director would follow the almost-universal model of adjudication in the Executive Branch and aligns the PTAB with the other adjudicative body in the PTO, the Trademark Trial and Appeal Board.” *Id.* at 1987.
2. Taken together with TMA amendments, the Court’s likely dooms any challenges to the appointments process for TTAB judges, two of which were pending at the time the Court accepted *Arthrex* for review. See *Schiedmayer Celesta GmbH v. Piano Factory Grp.*, No. 92061215, slip op. (T.T.A.B. Sept. 11, 2019) (nonprecedential), *appeal docketed*, No. 2020-1196 (Fed. Cir. Nov. 8, 2019); *Coca-Cola Co. v. Somohano-Soler*, No. 91232090, slip op. (T.T.A.B. Oct. 19, 2019) (nonprecedential), *appeal dismissed*, No. 2020-1245 (Fed. Cir. Feb. 3, 2021), *cert. denied*, 20-7407, 2021 WL 1951916 (U.S. May 17, 2021).

3. Although the government has intervened in each appeal with arguments distinguishing the Trademark Trial and Appeal Board from its patent counterpart, and although it is not apparent in any case whether the Federal Circuit’s opinion will survive scrutiny by the Supreme Court, the Trademark Modernization Act contains provisions aimed at confirming that the ALJs of the Trademark Trial and Appeal Board are inferior officers of the United States and that they therefore fall outside the scope of *Arthrex*. Specifically, the TMA: (1) amends Sections 18, 20, and 24 of the Lanham Act to make clear that the Director has the ability “to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board”; and (2) provides that the amendments “may not be construed to mean that the Director lacked the authority to reconsider, and modify or set aside, a decision of the Trademark Trial and Appeal Board before the date of the enactment of this Act.” Pub. L. No. 116-260, § 228(a)-(b) (2020).

VIII. USPTO PRACTICE

A. The Trademark Modernization Act of 2020

On December 27, 2020, the Trademark Modernization Act of 2020 (“TMA”) became law after it passed Congress and was signed by the President as part of the year-end Consolidated Appropriations Act for 2021. Pub. L. No. 116-260 (2020). The TMA, which, with limited exceptions, will become effective one year after its signature into law, introduces significant amendments to the Lanham Act designed to modernize trademark examination procedures and combat the increasing numbers of trademark registrations covering marks not used in commerce. Revisions to prosecution practice effected by the TMA include the following:

1. Authorization for Office to Shorten Response Times

Section 1 of the Lanham Act requires a trademark applicant to respond to an office action issued during examination within six months. 15 U.S.C. § 1051 (2018). The TMA has amended that section of the Act to grant the USPTO greater flexibility in setting office action response deadlines. Specifically, the amended section authorizes the USPTO to shorten response periods, by regulation, for a time period between 60 days and six months, so long as applicants can receive extensions of time to respond, up to the traditional full six-month period. Applicants availing themselves of extensions will be required to support requests for them with filing fee to be determined through administrative rulemaking.

2. Codification of Letter of Protest Mechanism

The TMA also codifies the existing letter of protest procedure, which permits the submission of evidence by other parties during the trademark examination process that bears on the registrability of an applied-for mark.

The existing procedure is informal, without a timeline for when the evidence must reach an examiner and does not require a filing fee. Under the TMA, the Director of the USPTO will have two months in which to review the evidence submitted with a letter of protest. In addition, the Office must establish by regulation appropriate procedures for the consideration of evidence submitted with a letter of protest, and may choose to institute a filing fee. *See* Pub. L. No. 116-260, § 223 (2020).

3. Ex Parte Challenges to Registrations

- a. Many of the substantive provisions of the TMA arise from a July 18, 2019, hearing before the House Subcommittee on Courts, Intellectual Property, and the Internet on the subject of “clutter,” or “deadwood,” on the U.S. Patent and Trademark Office’s trademark registers, much of which the USPTO attributes to the practice of provincial governments in the People’s Republic of China of subsidizing the pursuit of U.S. registrations by their citizens. *See generally* U.S. Patent and Trademark Office, *Trademarks and Patents in China: The Impact of Non-Market Factors on Filing Trends and IP Systems* (2021).
- b. The TMA addresses these issues by authorizing two new mechanisms targeting deadwood on the USPTO’s trademark registers, both of which will become effective on December 27, 2021. *See* Pub. L. No. 116-260, § 225 (2020).
 - i. The first, *ex parte* reexamination, will permit challenges to use-based registrations issued under Section 1(a) of the Lanham Act, or, in other words, registrations whose owners averred under oath during the application process that their marks were used in commerce. Such an averment may have been included in the application itself or, alternatively, as part of a statement of use. This mechanism will allow the USPTO to reexamine the accuracy of the registrant’s averment of use as of the filing date of that averment. It will not be available once a targeted registration has passed its fifth anniversary.
 - ii. The second, *ex parte* expungement, will allow challenges to marks that have never been used in commerce. It will primarily target registrations issued under either Section 44(e) or Section 66(a) of the Act. It generally will be available to challengers only between the third and the tenth anniversaries of a registration’s issuance, although for a limited period of three years after the TMA’s effective date, petitions to initiate expungements may be brought against registrations at any time after their third anniversaries.

- iii. Standing will not be required to initiate either of the two proceedings. Instead, any other party could initiate them by submitting to the Director of the USPTO evidence or testimony establishing a “prima facie case” of nonuse of a mark in commerce as of the “relevant date,” which the TMA defines as: (1) the date on which an averment of use is filed in support of an application with a Section 1(a) basis; and (2) the third anniversary of a registration issued under either Section 44(e) or Section 66(a). Alternatively, the Director of the USPTO may determine on his or her own initiative that a prima facie case of nonuse exists.
- iv. Regardless of how a prima facie case of nonuse as of the relevant date is established, the Director shall initiate the appropriate proceeding and require the registrant to come forward with documentary evidence to the contrary. (The owners of Sections 44(e) and 66(a) registrations have the option of demonstrating excusable nonuse.) On the one hand, if the Director deems the registrant’s responsive showing inadequate, the goods or services in connection with which use in commerce did not exist as of the relevant date will be stricken from the registration, subject to the applicant’s right to appeal to the Trademark Trial and Appeal Board. (The Director’s decision to initiate or not to initiate one of the new *ex parte* proceedings is not appealable, however.) On the other hand, however, if the Director finds the responsive showing adequate, that determination will have preclusive effect barring all further *ex parte* challenges to the registration.
- v. A significant point of uncertainty in either type of proceeding is the showing a registrant must make in response to a prima facie case of nonuse. In a cancellation action, the burden of proof always rests on the petitioner to prove invalidity either by a preponderance of the evidence and testimony (in cases not presenting allegations of fraud) or by clear and convincing evidence (in cases that do present them). In drafting the TMA, however, Congress has left open the question of whether a prima facie case of nonuse obligates the registrant to prove use (a scenario that would turn the current burden of proof on its head), or, alternatively, merely to produce evidence of use. Resolution of that issue likely will have a material effect on the decision of challengers to proceed with one of the new *ex parte* proceedings, or, alternatively, to pursue conventional cancellation actions.

B. Substantive Questions of Registrability

1. Even after the Federal Circuit’s opinion in *In re Bose Corp.*, 580 F.3d 1240 (Fed. Cir. 2009), both the Trademark Trial and Appeal Board and courts alike have been called upon to address claims that applicants have pursued or maintained registrations of their marks through fraudulent filings.
 - a. As it has been since *Bose*, the Board was generally hostile to claims of fraud, and it held several such claims deficient as a matter of law. *See, e.g., Paypal, Inc. v. ZT Holdings, LLC*, No. 91208416, 2021 WL 1221470, at *14 (T.T.A.B. Mar. 29, 2021) (rejecting claim of fraudulent procurement for want of evidence of deceptive intent); *Univ. of Ky. v. 40-0, LLC*, 2021 U.S.P.Q.2d 253, at *22-23 (T.T.A.B. 2021) (same).
 - b. Federal courts generally followed suit. *See, e.g., Mandala v. Tire Stickers, LLC*, 829 F. App’x 896, 902 (11th Cir. 2020) (affirming dismissal of allegations of fraudulent procurement for failure to state a claim); *San Diego Cty. Credit Union v. Citizens Equity First Credit Union*, No. 18CV967-GPC(MSB), 2020 WL 5797826, at *5-12 (S.D. Cal. Sept. 29, 2020) (granting registrant’s motion for summary judgment); *cf. Constr. Cost Data, L.L.C. v. Gordian Grp.*, 814 F. App’x 860, 867 (5th Cir. 2020) (affirming exclusion of evidence of alleged fraud).
 - c. Nevertheless, and although they were rare, parties alleging fraudulent procurement and maintenance did score at least a few victories. *See, e.g., Kaszuba v. Iancu*, 823 F. App’x 973, 980 (Fed. Cir. 2020) (affirming denial of motion to dismiss); *Topnotch Innovations, LLC v. Dean*, No. 2:20-CV-1384, 2020 WL 6115008, at *3 (S.D. Ohio July 28, 2020) (finding of fraud based on false dates of first use); *MCI Healthcare LLC v. Mountainside Sols., Inc.*, No. 1:18-CV-00315-MR, 2020 WL 1923163, at *8 (W.D.N.C. Apr. 21, 2020) (denying motion to dismiss); *DrDisabilityQuotes.com, LLC v. Krugh*, 2021 U.S.P.Q.2d 262, at *7-10 (T.T.A.B. 2021) (denying motion to dismiss).
2. Unusually, a reported opinion in a case originating in a regional circuit addressed the question of whether an applicant claiming a bona fide intent to use its mark actually had such an intent. In *RXD Media, LLC v. IP Application Dev. LLC*, 986 F.3d 361 (4th Cir. 2021), the Fourth Circuit affirmed a finding that Apple Inc. had a bona fide intent to use its iPad mark when applying to register it. According to the court:

There was no absence of documentary evidence regarding Apple’s intent. Apple produced ample evidence, including a licensing agreement covering the applied-for services and

contemporaneous registration certificates, both of which supported the district court's holding that Apple had demonstrated a bona fide intent to use the mark for the services listed in its applications.

Id. at 376-77.

3. Claims that a registrant has misused its mark to misrepresent the origin of the goods or services sold under it in violation of Section 14(3), 15 U.S.C. § 1064(3), are rare, but they succeeded in two cases.

a. The first opinion reaching that disposition came from the Fourth Circuit. *See Belmora LLC v. Bayer Consumer Care AG*, 987 F.3d 284 (4th Cir. 2021). There was no dispute the counterclaim defendant was the first to use and register the disputed FLANAX mark for an analgesic in the United States—indeed, the counterclaim plaintiffs had never done so—as well as that the counterclaim plaintiffs owned the mark in many jurisdictions outside the United States. Nevertheless, the counterclaim plaintiffs convinced the Trademark Trial and Appeal Board that the counterclaim defendant's packaging, shown below on the top row, deliberately misappropriated the appearance of the counterclaim plaintiffs' packaging, shown below in the bottom row:



The district court affirmed that finding, which the Fourth Circuit also declined to disturb. The appellate court noted that the counterclaim defendant had failed to proffer any new evidence of testimony placing into dispute the counterclaim plaintiffs' showings that the counterclaim defendant had: (1) known the counterclaim defendants used the FLANAX mark in Mexico; (2) copied the counterclaim plaintiffs' packaging; and (3) "repeatedly invoked" the reputation of [the counterclaim plaintiffs] in its marketing materials." *Id.* at 299. The counterclaim plaintiffs therefore had demonstrated the blatant misuse of the disputed mark required under their misrepresentation of source cause of action.

- b. The Board also reach a finding of misrepresentation of source in *Coca-Cola Company v. Meenaxi Enterprise, Inc.*, 2021 U.S.P.Q.2d 709 (T.T.A.B. 2021). The petitioner alleged in support of its Section 14(3) cause of action that it owned the THUMS UP and LIMCA marks in India for beverages and indeed had sold beverages under the marks in the United States. It also alleged that the respondent had adopted the same marks in the United States and used them with logos closely similar to those of the plaintiff. As the Board summarized it, the record demonstrated that "Respondent participated directly in a pattern of copying for use in the United States third-party marks with which Respondent was familiar from products in India, and a further pattern of creating similar logos, which pattern includes the marks at issue here." *Id.* at *48. Worse still," Respondent's activities in connection with THUMS UP and LIMCA are not isolated instances, but instead form part of a broader pattern of copying the word marks and logos of others, particularly brands from India." *Id.* at *51. In the final analysis, it concluded, misrepresentation of source had occurred because:

The record as a whole demonstrates Respondent's intent to cause consumers exposed to Respondent's use of the THUMS UP and LIMCA marks to draw the logical conclusion that Respondent's products in the United States are licensed or produced by the source of the same types of cola and lemon-lime soda sold under these marks for decades in India.

Id. at *52.

4. Findings of deceptive misdescriptiveness under Section 2(e)(1), 15 U.S.C. § 1052(e)(1), in precedential opinions are more common than those of misrepresentation of source, but they are still relatively rare. Still, the Board reached just such a finding in *In re Dolce Vita Footwear, Inc.*, 2021 U.S.P.Q.2d 478 (T.T.A.B. 2021), in which it affirmed two refusals to register the CLEAR mark for footwear, lingerie, and other clothing items, and

for handbags, purses, wallets and the like, all “excluding transparent goods.” The Board applied the usual doctrinal test for deceptive misdescriptiveness, namely that “[a] mark is considered deceptively misdescriptive if: (1) the mark misdescribes a quality, feature, function, or characteristic of the goods or services with which it is used; and (2) consumers would be likely to believe the misrepresentation.” *Id.* at *11. Significantly, the Board held that “Applicant cannot avoid a finding of deceptive misdescriptiveness by excluding from its identification the very characteristic that its mark is misdescribing.” *Id.* at *13.

5. In *Société des Produits Nestlé S.A. v. Taboada*, 2020 U.S.P.Q.2d 10893 (T.T.A.B. 2020), the Board sustained an opposition to an application filed under the Madrid Protocol for want of a bona fide intent to use the applied-for NESPORT mark for the sprawling list of goods covered by the application. The Board observed the following of the record:

[M]indful that Applicant’s Trademark Act Section 66(a) application was filed in early 2016, we turn to his discovery responses served in 2017 indicating: no product sales, no advertising or promotional expenditures, no advertising or promotional materials, no assignees, licensees or authorized users of the NESPORT mark, no agreements or communications with potential manufacturers, distributors or suppliers for his NESPORT branded products, no commitments from U.S. retailers to carry his products, no materials demonstrating attempts to obtain regulatory approval for his products (e.g., his pharmaceutical and alcoholic beverage products), no documentation showing his attendance at trade shows, expositions or competitions, and no materials showing designs for anticipated packaging or labeling.

Id. at *13-14. It also credited the opposer’s showing of an absence of any online references to the applied-for mark, as well as the applicant’s failure “to make any real effort until [two years] after [his filing date] to commercialize the NESPORT mark and products in commerce with a business plan, cost estimates to further his business, and mass e-mails to U.S. manufacturers and distributors.” *Id.* at 14. Especially because the applicant’s business plan was “full of hopeful assertions with only vague plans for implementation,” its application was fatally flawed. *Id.*

6. In *United States Olympic Committee v. Tempting Brands Netherlands B.V.*, 2021 U.S.P.Q.2d 164 (T.T.A.B. 2021), the Board addressed a challenge to an application PIERRE DE COUBERTIN for various goods, including perfume, sunglasses, jewelry, luggage, clothing, and sporting goods. According to the USOC, the mark falsely suggested a connection with it by invoking the name of the French baron who had found the modern Olympics. The

Board was unconvinced, finding that “[w]hile Pierre de Coubertin certainly was associated with the Olympic Movement, this record does not demonstrate that the public would perceive Applicant’s mark as a name or identity of the Olympic Movement or Opposer, or a close approximation thereof.” *Id.* at *22.

7. Finally, the Board issued several opinions bearing on the possible failure of applied-for marks to function as marks.
 - a. For the most part, those opinions affirmed ex parte refusals of applications. *See, e.g., In re Team Jesus LLC*, 2020 U.S.P.Q.2d 11489 (T.T.A.B. 2020) (TEAM JESUS for clothing items and educational and entertainment services); *In re Vox Populi Registry Ltd.*, 2020 U.S.P.Q.2d 11289 (T.T.A.B. 2020) (“sucks” for domain name registry services), *appeal docketed*, No. 21-01496 (Fed. Cir. Jan. 6, 2021); *In re Mayweather Promotions, LLC*, 2020 U.S.P.Q.2d 11298 (T.T.A.B. 2020) (PAST PRESENT FUTURE for T-shirts); *In re Greenwood*, 2020 U.S.P.Q.2d 11439 (T.T.A.B. 2020) (GOD BLESS THE USA for “accent pillows; decorative centerpieces of wood” and for “decorative wall hangings, not of textile”); *In re Texas With Love, LLC*, 2020 U.S.P.Q.2d 11290 (T.T.A.B. 2020) (“Texas love” for hats and T-Shirts); *In re AC Webconnecting Holding B.V.*, 2020 U.S.P.Q.2d 11048 (T.T.A.B. 2020) (“cam” for various services in Classes 35, 38, 42, and 45).
 - b. Nevertheless, the Board did reach a relatively rare failure-to-function finding in the context of an adversarial proceeding in *University of Kentucky v. 40-0, LLC*, 2021 U.S.P.Q.2d 253 (T.T.A.B. 2021). The applied-for mark was 40-0, a reference to a perfect season college in basketball. As the Board found in sustaining an opposition to the claimed mark’s registration, [a]pplicant’s use of the term on its social media sites is informational, indicating historical or aspirational perfect basketball seasons, not the source of the T-shirts.” *Id.* at *31. That conclusion was reinforced by the applicant’s practice of “screen-print[ing] the term ‘40-0’ in large letters across the front of the T-shirts, and nowhere else.” *Id.* at *31-32.
 - c. Unusually, the Board overturned at least two failure-to-function refusals, albeit both in unpublished opinions. *See In re Rodeowave Entm’t, LLC*, No. 87801076, slip op. (T.T.A.B. Nov. 13, 2020) (non-precedential) (JUST ANOTHER DAY IN PARADISE for various goods in nine Classes).

C. Procedural Issues

1. In *Corcamore, LLC v. SFM, LLC*, 978 F.3d 1298 (Fed. Cir. 2020), the Federal Circuit held the test adopted by the Supreme Court in *Lexmark Int’l*,

Inc. v. Static Control Components, Inc., 572 U.S. 118 (2014), for standing in false advertising actions applicable to inter partes proceedings. In doing so, it framed the issue as whether the petitioner for cancellation in that case was entitled, as a matter of statutory law, to bring its cause of action, rather than whether it enjoyed standing.

2. Subsequent to *Corcamore*, the Board picked up the standing ball and ran with it. See, e.g., *Philanthropist.com, Inc. v. Gen. Conf. Corp. of Seventh-day Adventists*, 2021 U.S.P.Q.2d 643 (T.T.A.B. 2021). The Board explained the newly characterized requirement in the following manner:

Entitlement to a statutory cause of action is a threshold issue that must be proven by the plaintiff in every inter partes case. [The plaintiff] must maintain its entitlement to the statutory cause of action throughout the proceeding and affirmatively prove its existence at the time of trial by introducing evidence to support the allegations in its pleading that relate to such entitlement as an element of its case-in-chief.

Id. at *12 (citation omitted).

3. When an applicant failed to convince the Trademark Trial and Appeal Board to overturn the refusal of its application, it initially appealed to the Federal Circuit but, changing its mind, it attempt to escape the possibly preclusive effect of that defeat by attempting to abandon its application without prejudice. See *In re Information Builders Inc.*, 2021 U.S.P.Q.2d 228 (T.T.A.B. 2021). The Board was unamused, and it found the submission “improper and . . . of no effect.” *Id.* at *2. According to the Board:

Applicant’s purported express abandonment of its application “without prejudice” is not only untimely under Rule 2.68, but also contravenes the limitations in Rule 2.142(g). The Board’s [prior] final decision affirming the refusals to register Applicant’s mark remains as issued. Applicant’s application stands abandoned as a result of that decision. Applicant cannot circumvent that adverse Board decision by filing an express abandonment of the involved application.

Id. at *4.

4. In *In re Ox Paperboard, LLC*, 2020 U.S.P.Q.2d 10878 (T.T.A.B. 2020) (T.T.A.B. 2020), the Trademark Trial and Appeal Board rejected the attempt by an applicant to amend its identification of services on appeal to escape a descriptiveness-based refusal. In doing so, the Board identified three strategies the applicant should (and should) have pursued instead: (1) it could have sought an amendment as early as possible during prosecution; (2) it could have requested reconsideration after the final refusal but

before the deadline for noticing an appeal; and (3) it could have requested the Board to suspend the appeal and remand the action, ideally before the filing of an appeal brief.

5. Federal Rule of Civil Procedure 56(d) allows a party served with an early summary judgment motion to show it cannot present essential facts in opposition to the motion; if it makes such a showing, the tribunal entertaining the action may defer consideration of the motion pending the discovery requested by the nonmovant. In *Chavakula v. Praise Broadcasting AKA Praise FM*, 2020 U.S.P.Q.2d 10855 (T.T.A.B. 2020), a petitioner for cancellation successfully invoked Rule 56(d) by stating the specific reasons why it needed discovery and identifying the specific areas of discovery it sought. That showing was made easier by the petitioner’s earlier refusal to respond to written discovery requests served upon it by the respondent. *See id.* at *6.
6. Trademark Rule of Practice 2.122(e)(1) provides that "official records" may be introduced by notice of reliance," while Rule 2.122(e)(2) provides that "Internet materials may be admitted into evidence under a notice of reliance . . . in the same manner as a printed publication in general circulation, so long as the date the internet materials were accessed and their source (e.g., URL) are provided." 37 C.F.R. § 2.122(e)(1)-(2). In *STX Financing, LLC v. Terrazas*, 2020 U.S.P.Q.2d 10989 (T.T.A.B. 2020), the Board rejected the argument that printouts of third-party claims in the USPTO were subject to Rule 2.122(e)(2)’s requirements. As it explained:

USPTO official records, such as printouts of application or registration information from TESS or TSDR, and the records thereof, fall within the meaning of "official records."

Inasmuch as TESS printouts of third-party applications and registrations are admissible as official records under Trademark Rule 2.122(e)(1), there is no requirement that the submission also meet the requirements for internet materials under Trademark Rule 2.122(e)(2).

Id. at *1 (citations omitted).

D. Revised Filing Fees

On January 2, 2021, the USPTO revised or adopted a number of filing fees. The following table captures those changes:

Filing	Old Fee	New Fee as of 1/2/21
TEAS Standard application (per class)	\$275	\$350
TEAS Plus application (per class)	\$225	\$250
Section 8 or 71 Declaration of Use (per class)	\$125	\$225
Deletion of goods and/or services from a registration after submitting a Section 8 or 71 declaration but before the declaration is accepted	No fee	\$250
Petition to the Director	\$100	\$250
Petition to revive an abandoned application	\$100	\$150
Letter of Protest	No fee	\$50
Petition to revive an abandoned application	\$150	\$150
Notice of Opposition (per class)	\$400	\$600
Petition for Cancellation (per class)	\$400	\$600
Initial 90-day extension request for filing a notice of opposition, or second 60-day extension request (per application)	\$100	\$200
Final 60-day extension request for filing a notice of opposition (per application)	\$200	\$400
Ex parte appeal (per class)	\$200	\$225

Appeal Brief in ex parte appeal (per class)	No fee	\$200
Request for Oral Hearing	No fee	\$500
TEAS Standard application (per class)	\$275	\$350
TEAS Plus application (per class)	\$225	\$250
Section 8 or 71 Declaration of Use (per class)	\$125	\$225